

Crossworld Inc
Financial Statements
For the year ended August 31, 2025

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Activity and Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Schedule of Home Office Expenses	12

Independent Auditor's Report

To the Board of Directors of Crossworld Inc.

Opinion

We have audited the financial statements of Crossworld Inc. (the "Organization"), which comprise the balance sheet as at August 31, 2025, and the statements of activity and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2025, 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 the Organization 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

Independent Auditor's Report (continued)

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 the Organization's 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 the Organization'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 the Organization 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.



Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
November 25, 2025

Crossworld Inc.
Balance Sheet

As at August 31 2025 2024

Assets

Current

Cash	\$ 672,708	\$ 688,412
Accounts receivable	9,878	11,204
Investments (Note 5)	3,529,330	2,361,673
Prepaid expenses	76,207	61,710
Due from related party (Note 3)	<u>88,087</u>	<u>78,517</u>
Capital assets (Note 7)	4,376,210	3,201,516
	295,242	301,183
	\$ 4,671,452	\$ 3,502,699

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 28,649	\$ 43,586
Liability for revocable trusts (Note 4)	<u>2,000</u>	<u>2,000</u>
	30,649	45,586

Fund balances

Unrestricted		
General designated board funds	1,067,838	958,369
Operating fund undesignated	2,411,101	1,240,782
Land, building and equipment fund	295,242	301,183
Restricted		
Joint Ministry activities fund	710,290	802,425
Other Restricted funds	<u>156,332</u>	<u>154,354</u>
	4,640,803	3,457,113
	\$ 4,671,452	\$ 3,502,699

On behalf of the Board:

 Chairman
 Vice-chairman

Crossworld Inc.

Statement of Activity and Fund Balances

For the year ended August 31, 2025

	Unrestricted					2025 Total	2024 Total
	General Designated Board Funds	Operating Fund Undesignated	Land, Building and Equipment Fund	Joint Ministry Activities	Other Restricted Funds		
Support and revenue							
Donations and legacies	\$ -	\$ 39,829	\$ -	\$ 1,997,898	\$ -	\$ 2,037,727	\$ 2,030,112
Donations and legacies - Non-Canadian	-	287,548	-	831,621	-	1,119,169	1,089,239
Deputation, field travel and support	-	1,369,713	-	-	-	1,369,713	393,248
Interest and investment income	109,469	89,946	-	-	1,978	201,393	270,026
Rental and miscellaneous	-	20,000	-	-	-	20,000	25,000
	109,469	1,807,036	-	2,829,519	1,978	4,748,002	3,807,625
Expenditures							
International worker salaries, benefits and Ministry expenditures	-	95,731	-	2,570,985	-	2,666,716	2,897,171
Home office							
Staff salary and expenses (Schedule)	-	689,164	-	-	-	689,164	579,321
Office and miscellaneous (Schedule)	-	174,622	-	-	-	174,622	181,129
Headquarters residence expense	-	15,115	-	-	-	15,115	14,522
	-	974,632	-	2,570,985	-	3,545,617	3,672,143
Other revenue (expenditures)							
Amortization	-	-	(18,695)	-	-	(18,695)	(17,358)
Joint ministry contributions (Note 3)	-	350,669	-	(350,669)	-	-	-
	-	350,669	(18,695)	(350,669)	-	(18,695)	(17,358)
Excess (deficiency) of revenue over expenditures							
Inter-fund transfers (Note 6)	109,469	1,183,073	(18,695)	(92,135)	1,978	1,183,690	118,124
Fund balance, beginning of year	-	(12,754)	12,754	-	-	-	-
	958,369	1,240,782	301,183	802,425	154,354	3,457,113	3,338,989
Fund balance, end of year	\$ 1,067,838	\$ 2,411,101	\$ 295,242	\$ 710,290	\$ 156,332	\$ 4,640,803	\$ 3,457,113

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

Crossworld Inc.
Statement of Cash Flows

<u>For the year ended August 31</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 1,183,690	\$ 118,124
Adjustments to reconcile excess of revenue over expenditures to net cash provided by (used in) operating activities		
Amortization	18,695	17,358
Unrealized losses (gain) on investments	157,118	(192,136)
Changes in non-cash working capital balances		
Accounts receivable	1,326	9,582
Prepaid expenses	(14,497)	(29,065)
Accounts payable and accrued liabilities	(14,937)	(31,345)
Due from related party	<u>(9,570)</u>	<u>(1,003)</u>
	<u>1,321,825</u>	<u>(108,485)</u>
Investing activities		
Purchase of GICs	(900,000)	-
Purchases of investments	(2,034,221)	(98,130)
Proceeds from sale of investments	1,609,446	52,310
Purchase of capital assets	<u>(12,754)</u>	<u>(33,928)</u>
	<u>(1,337,529)</u>	<u>(79,748)</u>
Decrease in cash during the year	(15,704)	(188,233)
Cash, beginning of the year	688,412	876,645
Cash, end of the year	\$ 672,708	\$ 688,412

Crossworld Inc. Notes to Financial Statements

August 31, 2025

1. Significant Accounting Policies

Basis of Presentation

The financial statements present the activities of Crossworld Inc (the "Organization").

The Organization has signed an Agreement of Alliance with Crossworld (Note 3) in a joint arrangement whereby Crossworld distributes funds to the fields and projects as directed by the Board of Directors of The Organization.

The Organization follows the restricted fund method of accounting for contributions.

The Organization is a registered charity and thus is not subject to income taxes.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Organization recognizes contributions, which consist of donations, legacies, funds, deputations, travel and support, when the funds are received due to the uncertainty of ultimate collection of pledges.

Rental income is recognized as it is earned on a monthly basis.

Investment income in the form of dividends, income distributions, interest income and realized gains and losses on trading activities from the investments held are recognized as received or incurred. Unrealized gains and losses on financial assets are included in investment income and recognized as revenue in the statement of activity and fund balances.

Capital Assets

Capital assets are stated at cost less accumulated amortization. A provision is made for amortization of capital assets using the straight-line method over the estimated useful life of the respective assets as follows:

Buildings	-	50 years
Office and Residence Equipment	-	10 years
Computer Equipment and Software	-	3 and 7 years
Automobile	-	5 years

Crossworld Inc. Notes to Financial Statements

August 31, 2025

1. Significant Accounting Policies (continued)

General Designated Board Funds Board designated funds are internally restricted funds segregated by the Board of Directors to be used for specific purposes.

Land, Building and Equipment Fund This fund represents the net book value of the capital assets owned by Crossworld Inc.

Joint Ministry Activities Fund This fund represents funds received under the Joint Ministry Agreement to be expended on Joint Ministry activities. The balance in the fund represents unspent amounts for these activities.

Other Restricted Funds (i) Quebec Edifice Fund \$26,488 (2024 - \$24,510)

This represents externally restricted funds being held to help finance future church property development in Quebec.

(ii) Canadian Retirement Fund \$130,417 (2024 - \$129,844)

These internally restricted funds are intended to augment the retirement income of those who have served a minimum of 20 years under Crossworld Inc, reached the age of 65, and retired from active service overseas or at headquarters.

Financial Instruments

Arm's length financial instruments are recorded at fair value when acquired or issued. Related party financial instruments are recorded at cost at initial recognition. In subsequent periods, financial instruments are reported at cost or amortised cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Crossworld Inc. **Notes to Financial Statements**

August 31, 2025

1. Significant Accounting Policies (continued)

Donated Services	The operation of the Organization is dependent on services donated by numerous volunteers. Since these services are not primarily purchased and because of the difficulty in determining fair value, donated services are not recognized in these financial statements.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported periods.

2. Nature of Organization

The Organization is a Canadian non-profit corporation under Letters of Patent issued in the Province of Ontario. The Organization seeks to communicate the Gospel to unevangelized people everywhere with a three-fold purpose: conversion of people to the Lord Jesus Christ, discipleship which produces spiritual maturity, leadership training which will result in local reproducing churches under the authority of the Word of God.

The Organization has 37 international workers, serving in 11 countries worldwide, in various disciple-making ministries such as, but not limited to, church planting, evangelism, medical work, education and community development. International worker support includes funds for salary, housing, ministry funds and benefits.

3. Related Party Transactions

The Organization works in cooperation with Crossworld, an Organization operating in the USA in setting finance policies and practices, and therefore, the entities are considered related parties.

Amounts due from a related party are unsecured, receivable on demand, bear no interest and have arisen from contributions received for Canadian international workers that are to be used according to the joint ministry agreement. During the year, donations totaling \$1,997,898 (2024 - \$2,008,551) were received and expended on joint ministry activities as detailed in Note 9.

Included in joint ministry contributions was \$350,669 (2024 - \$221,599) transferred from the joint ministry for international worker support.

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

Crossworld Inc. Notes to Financial Statements

August 31, 2025

4. Liability for Revocable Trusts

The liability for revocable trusts represents the liability for funds deposited with the Organization, revocable according to the terms of the trust agreements. Funds to cover these trusts have been invested in Richardson Wealth Mutual Funds.

5. Investments

	2025		2024	
	Cost	Market	Cost	Market
Board Designated				
Sovereign Pooled Funds I.	\$ 1,005,227	\$ 1,013,720	\$ 783,826	\$ 938,560
	<u>1,005,227</u>	<u>1,013,720</u>	783,826	938,560
Restricted				
Quebec Edifice Fund	26,261	26,488	23,068	24,510
Retirement Fund	129,296	130,417	103,868	129,844
	<u>155,557</u>	<u>156,905</u>	126,936	154,354
Joint Ministry / Operating fund				
GICs	900,000	900,000	-	-
Sovereign Pooled Funds II	1,402,319	1,458,705	1,227,720	1,268,759
	<u>2,302,319</u>	<u>2,358,705</u>	1,227,720	1,268,759
	<u>\$ 3,463,103</u>	<u>\$ 3,529,330</u>	\$ 2,138,482	\$ 2,361,673

GICs held by the Organization are non-redeemable, earn interest between 2.2% to 3.0% and have a maturity date ranging between Sept 2025 to June 2026.

Included in interest and investment income (loss) is an unrealized loss of \$157,118 (2024 - unrealized gain of \$192,136) and a realized income from investments of \$358,511 (2024 - realized income of \$77,890).

6. Inter-fund Transfers

During the year, the Board of Directors internally transferred an amount of \$12,754 (2024 - \$33,928) out of the Operating Fund to be used for the Land, Building, and Equipment Fund.

Crossworld Inc.
Notes to Financial Statements

August 31, 2025

7. Capital Assets

	2025			2024		
	Cost	Accumulated Amortization		Cost	Accumulated Amortization	
Land	\$ 91,457	\$ -		\$ 91,457	\$ -	
Buildings	518,195	321,916		505,441	311,679	
Office and residence equipment	81,262	78,283		81,262	76,831	
Computer equipment and software	28,233	28,233		28,233	27,726	
Automobile	31,336	26,809		31,336	20,310	
	\$ 750,483	\$ 455,241		\$ 737,729	\$ 436,546	
Cost less accumulated amortization		\$ 295,242			\$ 301,183	

8. Financial Instrument Risk

Market risk

Market value risk is the risk of potential loss caused by the fluctuations in fair value or future cash flows of financial instruments by changes in their underlying market value. The Organization is exposed to this risk through its investments. This risk has not changed from the prior year.

9. Joint Ministry Activities

Although expenditures are not allocated to specific types of international support work done, the Organization indicated that time and effort was spent by workers in the field in accordance with the percentages as shown below:

	Time %	2025 Amounts	Time %	2024 Amounts
Disciple making activities	72	\$ 1,844,455	63	\$ 1,769,895
Community development	8	198,235	8	209,862
Humanitarian	4	114,928	6	174,565
Education	12	319,803	20	556,981
Leadership development	4	93,564	3	87,843
	100	\$ 2,570,985	100	\$ 2,799,146

Crossworld Inc.
Schedule of Home Office Expenses

For the year ended August 31	2025	2024
Staff Salary and Expenses		
Salaries	\$ 393,966	\$ 341,727
Benefits	61,466	67,337
Travel	<u>233,732</u>	<u>170,257</u>
	<u>\$ 689,164</u>	<u>\$ 579,321</u>
Office and Miscellaneous		
Miscellaneous	\$ 20,773	\$ 17,449
Office expense	<u>123,825</u>	<u>130,234</u>
Office facilities	<u>30,024</u>	<u>33,446</u>
	<u>\$ 174,622</u>	<u>\$ 181,129</u>

Home Staff are full international worker members and raised funds in the amount of \$374,257 (2024 - \$346,597) towards salary and expenses.

Net home office expenses were 11.6% (2024 - 12.0%) of revenue, net of funds raised by home staff.