UFM International in Canada o/a Crossworld

Financial Statements

For the year ended August 31, 2015

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Independent Auditor's Report

To the Members of
UFM International in Canada, o/a Crossworld

We have audited the accompanying financial statements of UFM International in Canada, o/a Crossworld ("Organization") which comprise the balance sheet as at August 31, 2015 and the statements of activity and fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
November 19, 2015

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UFM International in Canada, o/a Crossworld
Balance Sheet

As at August 31	2015	2014
Assets		
Current		
Cash	$ 157,205	$ 186,386
Accounts receivable	3,411	13,266
Prepaid expenses	10,241	10,413
Due from related party (Note 3)	51,293	-
Current portion of loan receivable (Note 4)	4,764	4,056
	226,914	214,121
Loan receivable (Note 4)	13,836	18,544
Investments (Note 5)	1,573,666	1,499,390
Capital assets (Note 6)	335,470	355,812
	$ 2,149,886	$ 2,087,867
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	$ 22,872	$ 15,809
Due to related party (Note 3)	-	16,311
Liability for Revocable Trusts (Note 7)	2,000	2,000
Current portion of long-term debt (Note 8)	-	3,051
	24,872	37,171
Fund Balances		
Unrestricted		
General designated board funds	663,758	672,624
Operating fund undesignated	490,953	423,486
Land, building and equipment fund	335,470	355,812
Restricted		
Joint Ministry activities fund	534,631	492,492
Other Restricted funds	100,202	106,282
	2,125,014	2,050,696
	$ 2,149,886	$ 2,087,867

On behalf of the Board:

Chairman

Vice-chairman

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

UFM International in Canada, o/a Crossworld
Statement of Activity and Fund Balances

For the year ended August 31, 2015

	Unrestricted						
	General Designated Board Funds	Operating Fund Undesignated	Land, Building and Equipment Fund	Joint Ministry Activities	Other Restricted Funds	2015 Total	2014 Total
Support and revenue							
Donations and legacies	$ -	$ 37,165	$ -	$ 1,599,809	$ -	$ 1,636,974	$ 1,718,701
Donations and legacies - Non-Canadian	-	134,908	-	470,748	-	605,656	539,297
Deputation, field travel and support	-	162,454	-	-	-	162,454	147,242
Interest and investment (loss) income	(8,866)	(10,324)	-	-	(6,080)	(25,270)	163,214
Rental and miscellaneous	-	22,123	-	-	-	22,123	29,891
	(8,866)	346,326	-	2,070,557	(6,080)	2,401,937	2,598,345
Expenditures							
International worker salaries, benefits and Ministry expenditures (Note 2 (b))	-	58,210	-	1,840,689	-	1,898,899	1,817,307
Home office							
Staff salary and expenses (Schedule)	-	292,231	-	-	-	292,231	273,223
Office and miscellaneous (Schedule)	-	106,369	-	-	-	106,369	132,367
Headquarters residence expense	-	10,544	-	-	-	10,544	10,523
	-	467,354	-	1,840,689	-	2,308,043	2,233,420
Other revenue (expenditures)							
Inter-fund allocation	-	766	(766)	-	-	-	-
Amortization	-	-	(18,742)	-	-	(18,742)	(19,105)
Loss on disposal of capital assets	-	-	(834)	-	-	(834)	-
Joint Ministry contributions	-	187,729	-	(187,729)	-	-	-
	-	188,495	(20,342)	(187,729)	-	(19,576)	(19,105)
Excess of revenue over expenditures	(8,866)	67,467	(20,342)	42,139	(6,080)	74,318	345,820
Fund balance, beginning of year	672,624	423,486	355,812	492,492	106,282	2,050,696	1,704,876
Fund balance, end of year	$ 663,758	$ 490,953	$ 335,470	$ 534,631	$ 100,202	$ 2,125,014	$ 2,050,696

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

UFM International in Canada, o/a Crossworld
Statement of Cash Flows

For the year ended August 31	2015	2014
Cash flows from operating activities		
Excess of revenue over expenditures for the year	$ **74,318**	$ 345,820
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Amortization	**18,742**	19,105
Unrealized gains/losses on investments	**60,726**	(117,594)
Loss on disposal of capital assets	**834**	-
Changes in non-cash working capital balances		
Accounts receivable	**9,855**	2,231
Prepaid expenses	**172**	658
Accounts payable and accrued liabilities	**7,063**	8,309
Due (from) to related party	**(67,604)**	31,806
	104,106	290,335
Investing activities		
(Purchases of) proceeds from investments, net	**(135,002)**	(187,373)
Proceeds from disposal of capital assets	**3,000**	-
Purchase of capital assets	**(2,234)**	(19,277)
Proceeds of loan receivable	**4,000**	2,400
	(130,236)	(204,250)
Financing activities		
Repayments of long-term debt	**(3,051)**	(8,980)
(Decrease) increase in cash during the year	**(29,181)**	77,105
Cash, beginning of the year	**186,386**	109,281
Cash, end of the year	$ **157,205**	$ 186,386

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

August 31, 2015

1. Significant Accounting Policies

Basis of Presentation

The financial statements present the activities of the Canadian operations of UFM International (the "Organization").

UFM International in Canada has signed an Agreement of Alliance with UFM International Inc. in a joint venture whereby UFM International Inc. distributes funds to the fields and projects as directed by the Board of Directors of UFM International in Canada.

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.

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.

Investments

Investments are recorded at fair market value (see Note 5).
Investments are financial assets that are carried on the balance sheet at fair value with changes in fair value recognized as gains and losses in the statement of activity and fund balances. The fair values of these instruments are determined on the basis of quoted market prices.

Capital Assets

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

Buildings	-	2%
Office and Residence Equipment	-	10%
Computer Equipment	-	33%
Automobile	-	20%

August 31, 2015

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 UFM International in Canada.

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 $13,229 (2014 - $12,948)

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

(ii) Canadian Retirement Fund $81,863 (2014 - $82,875)

This fund is intended to augment the retirement income of those who have served a minimum of 20 years under UFM Canada, reached the age of 65, and retired from active service overseas or at headquarters.

(iii) Evangelism Trust Fund $5,110 (2014 - $10,460)

These funds are to be used to assist CrossWorld ministries in evangelistic outreach.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value, with unrealized gains and losses recorded in operations. All cash and cash equivalents have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate that asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instruments for those measured at amortized cost.

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. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Nature of Organization

(a) UFM International in Canada, operating as Crossworld, 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 60 international workers, serving in 12 countries worldwide, in various ministries such as church planning, evangelism, medical work and education. International worker support includes funds for salary, housing, ministry funds and benefits.

(b) Although expenditures are not allocated to specific types of international support work done, UFM International in Canada indicated that time and effort was spent by workers in the field in accordance with the percentages as shown below. This schedule is unaudited.

Joint Ministry Activities

	Time %	**2015 Amounts**	Time %	2014 Amounts
Disciple making activities	**76**	**$ 1,403,379**	79	$ 1,402,692
Community development	**3**	**56,420**	3	50,469
Humanitarian	**3**	**57,392**	3	61,930
Education	**14**	**247,121**	10	181,054
Leadership development	**4**	**76,377**	5	80,640
	100	**$ 1,840,689**	100	$ 1,776,785

3. Related Party Transactions

Amounts due to a related party are payable on demand and have arisen from services rendered by UFM International Inc. on behalf of the Organization. Amounts due bear no interest and have no fixed terms of repayment. The Organization receives strategic direction and is indirectly controlled by UFM International Inc. and therefore, the entities are considered related parties.

Amounts due from a related party are receivable on demand and have arisen from contributions received for Canadian international workers that are to be transferred to the Joint Ministry according to the Joint Ministry Agreement. Amounts due bear no interest and have no fixed terms of repayment. During the year, donations totaling $1,599,809 (2014 - $1,688,365) were received and expended on Joint Ministry Activities as detailed in Note 2(b).

Included in Joint Ministry contributions was $187,729 (2014 - $194,199) 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.

4. Loan Receivable

	2015	2014
Non-revolving, non interest bearing, receivable in monthly instalments, maturing in December 2019.	**$ 18,600**	$ 22,600
Less: current portion	**4,764**	4,056
	$ 13,836	$ 18,544

Principal receipts are as follows:

2016	$ 4,764
2017	5,476
2018	6,176
2019	2,184
	$ 18,600

5. Investments

	2015		2014	
	Cost	**Market**	Cost	Market
Board Designated				
Sovereign Pooled Funds	**$ 366,784**	**$ 443,810**	$ 359,928	$ 437,364
Watt Carmichael Inc. (Account #1)	**224,947**	**219,949**	220,231	235,260
	591,731	**663,759**	580,159	672,624
Restricted				
Quebec Edifice Fund	**12,157**	**13,229**	11,900	12,948
Watt Carmichael Inc. (Account #2)	**82,684**	**81,863**	74,114	82,874
Watt Carmichael Inc. (Account #3)	**39,183**	**5,110**	39,183	10,460
	134,024	**100,202**	125,197	106,282
Joint Ministry / Operating fund				
RBC Investments	**789,447**	**759,705**	604,447	620,484
RBC GICs	**50,000**	**50,000**	100,000	100,000
	839,447	**809,705**	704,447	720,484
	$ 1,565,202	**$ 1,573,666**	$ 1,409,803	$ 1,499,390

Included in interest and investment income is an unrealized (loss) gain of $(81,123) (2014 - $69,910) and a realized gain on investments of $56,654 (2014 - $47,684).

6. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 91,457	$ -	$ 91,457	$ -
Buildings	451,991	229,025	451,991	219,985
Office and residence equipment	74,147	62,440	72,343	60,754
Computer equipment	62,760	62,760	62,330	62,330
Automobile	31,132	21,792	38,552	17,792
	711,487	376,017	716,673	360,861
Cost less accumulated amortization		$ 335,470		$ 355,812

7. Liability for Revocable Trusts

The liability for revocable trusts represents the liability for funds deposited with UFM International in Canada, revocable according to the terms of the trust agreements. Funds to cover these trusts have been invested in Guaranteed Investment Certificates and Mutual Funds.

8. Long-Term Debt

	2015	2014
Non-revolving, non interest bearing, repayable in monthly instalments of $748, secured by the automobile in Note 6, maturing in December 2014.	$ -	$ 3,051
Less: current portion	-	3,051
	$ -	$ -

The balance has been fully paid off during the year.

9. Financial Instrument Risk

The Organization may be exposed to a variety of financial risks. The Organization manages its risks by forecasting cash flows from operations and anticipating any investing and financing activities. A summary of the various significant risks which the Organization is exposed to as a result of their operations is included below:

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. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

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 prior years.

UFM International in Canada, o/a Crossworld
Schedule of Home Office Expenses

For the year ended August 31	2015	2014
Staff Salary and Expenses		
Salaries	$ **212,101**	$ 204,973
Benefits	**36,939**	33,202
Travel	**43,191**	35,048
	$ **292,231**	$ 273,223
Office and Miscellaneous		
Miscellaneous	**4,913**	12,180
Office expense	**85,297**	99,775
Office facilities	**16,159**	20,412
	$ **106,369**	$ 132,367

Home Staff are full international worker members and raised funds in the amount of $224,054 (2014 - $225,078) towards salary and expenses.

Net home office expenses were 8.0% (2014 - 7.6%) of revenue, net of funds raised by home staff.