

**UFM International in Canada  
o/a Crossworld  
Financial Statements  
For the year ended August 31, 2020**

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of UFM International in Canada, o/a Crossworld (the "Organization"), which comprise the balance sheet as at August 31, 2020, 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for 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.



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## Independent Auditor's Report (continued)

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### 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  
Mississauga, Ontario  
November 28, 2020



**UFM International in Canada, o/a Crossworld  
Balance Sheet**

As at August 31

2020

2019

**Assets**

**Current**

Cash	\$ 346,913	\$ 70,380
Accounts receivable	28,782	21,591
Investments (Note 6)	2,069,532	2,066,932
Prepaid expenses	24,800	27,517
Due from related party (Note 3)	62,494	44,121
Current portion of loan receivable (Note 4)	3,125	4,583

2,535,646 2,235,124

Loan receivable (Note 4)

Capital assets (Note 7)

- 3,125  
289,742 313,542

\$ 2,825,388 \$ 2,551,791

**Liabilities and Fund Balances**

**Current**

Accounts payable and accrued liabilities	\$ 31,535	\$ 28,024
Liability for revocable trusts (Note 5)	2,000	2,000

33,535 30,024

**Fund Balances**

**Unrestricted**

General designated board funds	800,566	798,373
Operating fund undesignated	842,729	745,448
Land, building and equipment fund	289,742	313,542

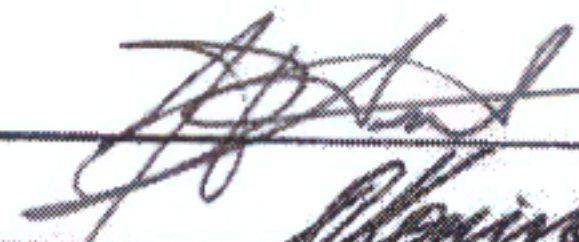
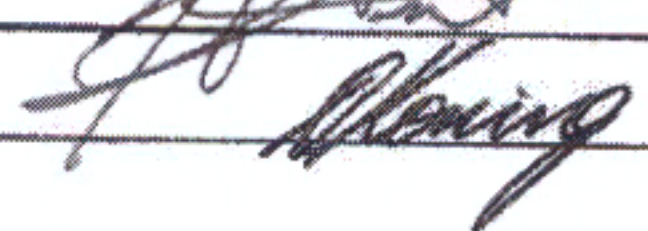
**Restricted**

Joint Ministry activities fund	734,117	539,340
Other Restricted funds	124,699	125,064

2,791,853 2,521,767

\$ 2,825,388 \$ 2,551,791

On behalf of the Board:

Chairman

Vice-chairman

ID Smith

David Koning

The accompanying notes are an integral part of these financial statements



For the year ended August 31, 2020

## UFM International in Canada, o/a Crossworld

### Statement of Activity and Fund Balances

	Unrestricted					2020 Total	2019 Total
	General Designated Board Funds	Operating Fund Undesignated	Land, Building and Equipment Fund	Joint Ministry Activities	Other Restricted Funds		
<b>Support and revenue</b>							
Donations and legacies	\$ -	\$ 44,417	\$ -	\$ 1,903,111	\$ -	\$ 1,947,528	\$ 1,581,730
Donations and legacies - Non-Canadian	-	327,752	-	634,045	-	961,797	807,161
Deputation, field travel and support	-	346,563	-	-	-	346,563	370,605
Interest and investment income	2,193	43,439	-	-	(365)	45,267	61,656
Rental and miscellaneous	-	43,360	-	-	-	43,360	18,610
	2,193	805,531	-	2,537,156	(365)	3,344,515	2,839,762
<b>Expenditures</b>							
International worker salaries, benefits and	-	202,596	-	2,146,146	-	2,348,742	2,344,122
Ministry expenditures	-	511,739	-	-	-	511,739	452,940
Home office	-	178,491	-	-	-	178,491	147,415
Staff salary and expenses (Schedule)	-	11,657	-	-	-	11,657	15,873
Office and miscellaneous (Schedule)	-	904,483	-	2,146,146	-	3,050,629	2,960,350
Headquarters residence expense	-	-	-	-	-	-	-
<b>Other revenue (expenditures)</b>							
Amortization	-	-	(23,800)	-	-	(23,800)	(24,114)
Joint ministry contributions	-	196,233	-	(196,233)	-	-	-
	-	196,233	(23,800)	(196,233)	-	(23,800)	(24,114)
<b>Excess (deficiency) of revenue over expenditures</b>	2,193	97,281	(23,800)	194,777	(365)	270,086	(144,702)
<b>Fund balance, beginning of year</b>	798,373	745,448	313,542	539,340	125,064	2,521,767	2,666,469
<b>Fund balance, end of year</b>	\$ 800,566	\$ 842,729	\$ 289,742	\$ 734,117	\$ 124,699	\$ 2,791,853	\$ 2,521,767

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	2020	2019
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	\$ 270,086	\$ (144,702)
Adjustments to reconcile excess (deficiency) of revenue over expenditures to net cash provided by operating activities		
Amortization	23,800	24,114
Unrealized losses (gains) on investments	40,660	(8,569)
Changes in non-cash working capital balances		
Accounts receivable	(7,191)	1,038
Prepaid expenses	2,717	634
Accounts payable and accrued liabilities	3,511	(1,994)
Due from related party	(18,373)	26,174
	<u>315,210</u>	<u>(103,305)</u>
<b>Investing activities</b>		
Purchases of investments	(45,192)	(91,643)
Proceeds from sale of investments	1,932	108,346
Purchase of capital assets	-	(1,327)
Repayments of loan receivable	4,583	5,197
	<u>(38,677)</u>	<u>20,573</u>
<b>Increase (decrease) in cash during the year</b>	<b>276,533</b>	<b>(82,732)</b>
<b>Cash, beginning of the year</b>	<b>70,380</b>	<b>153,112</b>
<b>Cash, end of the year</b>	<b>\$ 346,913</b>	<b>\$ 70,380</b>

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



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## UFM International in Canada, o/a Crossworld

### Notes to Financial Statements

August 31, 2020

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#### 1. Significant Accounting Policies

##### **Basis of Presentation**

The financial statements present the activities of UFM International in Canada (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



# UFM International in Canada, o/a Crossworld

## Notes to Financial Statements

August 31, 2020

### 1. Significant Accounting Policies (continued)

<b>General Designated Board Funds</b>	Board designated funds are internally restricted funds segregated by the Board of Directors to be used for specific purposes.
<b>Land, Building and Equipment Fund</b>	This fund represents the net book value of the capital assets owned by UFM International in Canada.
<b>Joint Ministry Activities Fund</b>	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.
<b>Other Restricted Funds</b>	<p>(i) Quebec Edifice Fund \$23,587 (2019 - \$22,688)</p> <p>This represents externally restricted funds being held to help finance future church property development in Quebec.</p> <p>(ii) Canadian Retirement Fund \$101,112 (2019 - \$102,376)</p> <p>These internally restricted funds are intended to augment the retirement income of those who have served a minimum of 20 years under UFM International in Canada, reached the age of 65, and retired from active service overseas or at headquarters.</p>
<b>Financial Instruments</b>	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 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.
<b>Donated Services</b>	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.



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## UFM International in Canada, o/a Crossworld Notes to Financial Statements

**August 31, 2020**

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### 1. Significant Accounting Policies (continued)

#### 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.

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### 2. Nature of Organization

The Organization, 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 40 international workers, serving in 12 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.

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### 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 \$1,903,111 (2019 - \$1,542,648) were received and expended on joint ministry activities as detailed in Note 9.

Included in joint ministry contributions was \$196,233 (2019 - \$171,018) 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.



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**UFM International in Canada, o/a Crossworld**  
**Notes to Financial Statements**

**August 31, 2020**

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**4. Loan Receivable**

	<u>2020</u>	<u>2019</u>
Non-revolving, non interest bearing, unsecured, receivable in monthly instalments, maturing in December 2019.	-	833
Non-revolving, non interest bearing, unsecured, receivable in monthly instalments, maturing in June 2021.	<u>3,125</u>	<u>6,875</u>
	3,125	7,708
Less: current portion	<u>3,125</u>	<u>4,583</u>
	<u>\$ -</u>	<u>\$ 3,125</u>

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**5. 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 RBC Mutual Funds.



## UFM International in Canada, o/a Crossworld

### Notes to Financial Statements

August 31, 2020

#### 6. Investments

	2020		2019	
	Cost	Market	Cost	Market
<b>Board Designated</b>				
Sovereign Pooled Funds I	\$ 399,960	\$ 508,440	\$ 390,586	\$ 490,431
Watt Carmichael Inc. (Account #1)	307,470	292,127	288,038	307,942
	<u>707,430</u>	<u>800,567</u>	<u>678,624</u>	<u>798,373</u>
<b>Restricted</b>				
Quebec Edifice Fund	21,184	23,587	20,904	22,688
Watt Carmichael Inc. (Account #2)	99,359	101,112	96,412	102,376
	<u>120,543</u>	<u>124,699</u>	<u>117,316</u>	<u>125,064</u>
<b>Joint Ministry / Operating fund</b>				
RBC Investments	1,060,947	987,198	1,054,947	993,161
Sovereign Pooled Funds II	150,619	157,068	146,992	150,334
	<u>1,211,566</u>	<u>1,144,266</u>	<u>1,201,939</u>	<u>1,143,495</u>
	<u>\$ 2,039,539</u>	<u>\$ 2,069,532</u>	<u>\$ 1,997,879</u>	<u>\$ 2,066,932</u>

Included in interest and investment income is an unrealized loss of \$40,660 (2019 - unrealized gain of \$8,569) and a realized income from investments of \$85,928 (2019 - \$53,087).



## UFM International in Canada, o/a Crossworld

### Notes to Financial Statements

**August 31, 2020**

#### 7. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 91,457	\$ -	\$ 91,457	\$ -
Buildings	451,991	274,224	451,991	265,184
Office and residence equipment	72,499	69,304	72,499	67,762
Computer equipment and software	25,185	24,540	25,185	17,993
Automobile	64,488	47,810	64,488	41,139
	<u>\$ 705,620</u>	<u>\$ 415,878</u>	<u>\$ 705,620</u>	<u>\$ 392,078</u>
Cost less accumulated amortization		<u>\$ 289,742</u>		<u>\$ 313,542</u>

#### 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 %	2020 Amounts	Time %	2019 Amounts
Disciple making activities	76	\$ 1,630,607	86	\$ 1,791,296
Community development	2	32,917	3	66,756
Humanitarian	4	87,211	1	21,774
Education	15	326,350	6	124,039
Leadership development	3	69,061	4	80,761
	<u>100</u>	<u>\$ 2,146,146</u>	<u>100</u>	<u>\$ 2,084,626</u>



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## **UFM International in Canada, o/a Crossworld**

### **Notes to Financial Statements**

**August 31, 2020**

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#### **10. Inter-fund Transfers**

During the year, the Board of Directors internally transferred an amount of \$Nil (2019 - \$7,200) from the Other Restricted Funds to the Operating Fund and \$Nil (2019 - \$1,327) was transferred out of the Operating Fund to be used for the Land, Building, and Equipment Fund.

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#### **11. COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the world. On March 24, 2020, the Province of Ontario ordered the closure of non-essential businesses.

On March 21, 2020, the government of Canada placed a temporary restriction on all discretionary travel at the Canada - U.S. border. Internationally, the government of Canada is advising against non-essential travel outside of Canada. Furthermore, other foreign governments have implemented strict travel restrictions with Canada. These restrictions may affect UFM's missionaries ability to travel to their intended destinations, affecting donations and costs. If travel restrictions continue from COVID-19, there could be further impacts on the Organization and the missionaries ability to travel.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, sector, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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#### **12. Comparative Information**

Certain comparative information has been reclassified to conform with the current years method of presentation.



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

For the year ended August 31	2020	2019
<b>Staff Salary and Expenses</b>		
Salaries	\$ 344,182	\$ 323,575
Benefits	54,782	55,397
Travel	112,775	73,968
	<u>\$ 511,739</u>	<u>\$ 452,940</u>
<b>Office and Miscellaneous</b>		
Miscellaneous	51,242	12,130
Office expense	103,782	111,922
Office facilities	23,467	23,363
	<u>\$ 178,491</u>	<u>\$ 147,415</u>

Home Staff are full international worker members and raised funds in the amount of \$398,288 (2019 - \$368,938) towards salary and expenses.

Net home office expenses were 9.9% (2019 - 9.4%) of revenue, net of funds raised by home staff.