Grant Thornton

Financial statements

Crossroads Christian Communications Inc.

August 31, 2017

Contents

Independent auditor's report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4

T +1 416 366 0100
F +1 905 804 0509
www.GrantThornton.ca

To the Members of

Crossroads Christian Communications Inc.

We have audited the accompanying financial statements of **Crossroads Christian Communications Inc.**, which comprise the statement of financial position as at August 31, 2017 and the statements of operations and changes in 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 **Crossroads Christian Communications Inc.** as at August 31, 2017 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.

Grant Thornton LLP

Mississauga, Canada
December 6, 2017

Chartered Professional Accountants
Licensed Public Accountants

Crossroads Christian Communications Inc.

Statement of financial position

August 31	2017	2016
Assets		
Current		
Cash	**$ 887,868**	$ 1,065,285
Accounts receivable and other assets	**303,698**	209,920
Assets held for sale (Note 5)	**11,187,664**	-
Mortgage receivable (Note 6)	**14,133**	14,133
	12,393,363	1,289,338
Amounts receivable from related party (Note 4)	**868,664**	1,160,757
Advances to producers	**391,230**	469,424
Mortgage receivable (Note 6)	**69,652**	79,428
Investments held for endowment fund	**63,020**	-
Capital assets (Note 7)	**1,997,651**	13,682,533
Intangible assets (Note 8)	**-**	350,131
	$ 15,783,580	$ 17,031,611
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,387,070**	$ 2,620,602
Amounts payable to related parties (Note 4)	**2,764,743**	2,919,649
Trusts payable - revocable (Note 9)	**263,800**	263,800
Current portion of capital lease obligations (Note 10)	**53,989**	206,511
Current portion of mortgages payable (Note 11)	**6,869,194**	167,955
Deferred capital contributions (Note 12)	**128,172**	39,419
	11,466,968	6,217,936
Trusts payable - irrevocable (Note 9)	**1,975,040**	2,151,540
Capital lease obligations (Note 10)	**14,122**	76,666
Mortgages payable (Note 11)	**-**	5,832,045
Deferred capital contributions (Note 12)	**277,334**	473,283
	2,266,496	8,533,534
Fund balances		
Capital and Operating Fund	**1,156,670**	1,302,142
Internally restricted (Note 13)	**-**	90,764
Externally restricted (Note 13)	**843,446**	887,235
Endowment fund	**50,000**	-
	2,050,116	2,280,141
	$ 15,783,580	$ 17,031,611

Commitments (Note 14)

On behalf of the Board of Directors

____________________ Director ____________________ Director

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.

Statement of operations

Year ended August 31	**2017**	2016
Revenue		
Contributions		
General (Note 4)	**$ 11,768,102**	$ 10,574,600
Designated contributions		
Missions Fund	**1,188,755**	669,060
Debt Retirement Fund	**87,500**	219,200
Contribution from Media Voice Generation (Note 2)	**154,523**	-
Rental and other income (Note 4)	**1,746,271**	1,920,465
	14,945,151	13,383,325
Expenses		
Remuneration of personnel	**6,368,498**	6,379,006
Airtime and production costs (Note 4)	**2,650,156**	3,267,350
Rent, utilities and other occupancy costs	**1,199,073**	1,142,301
Interest and bank charges	**687,428**	528,995
Administrative costs (Note 4)	**830,552**	806,075
Correspondence and distribution costs	**577,920**	1,056,423
Fundraising and promotion	**387,193**	565,156
Other missions and programs	**1,338,505**	1,105,530
	14,039,325	14,850,836
Excess (deficiency) of revenue over expenses before undernoted items	**905,826**	(1,467,511)
Amortization and impairment (Notes 7 and 8)	**(1,029,769)**	(1,244,894)
Provision for loans receivable, net of recovery (Notes 4(a) and Note 4(b))	**(106,082)**	(1,453,760)
Non-recoverable portion of US ministry cost (Note 4(c))	**-**	(1,165,678)
Deficiency of revenue over expenses for the year	**$ (230,025)**	$ (5,331,843)

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	Internally restricted (Note 13)	Externally restricted (Note 13)	Endowment Fund	**2017 Total**	2016 Total
Fund balances, beginning of year	$ 1,302,142	$ 90,764	$ 887,235	$ -	**$ 2,280,141**	$ 7,611,984
Excess (deficiency) of revenue over expenses for the year	(249,016)	341	(31,350)	50,000	**(230,025)**	(5,331,843)
Interfund transfers	103,544	(91,105)	(12,439)	-	**-**	-
Fund balances, end of year	$ 1,156,670	$ -	$ 843,446	$ 50,000	**$ 2,050,116**	$ 2,280,141

See accompanying notes to the financial statements.

Crossroads Christian Communications Inc.
Statement of cash flows

Year ended August 31	2017	2016
Increase (decrease) in cash		
Operating activities		
Deficiency of revenue over expenses for the year	**$ (230,025)**	$ (5,331,843)
Items not affecting cash:		
Investments transferred from Media Voice Generation	**(61,844)**	-
Amortization of capital assets	**563,741**	662,256
Amortization of intangible assets	**104,741**	89,967
Loss on disposal of capital assets	**115,897**	492,671
Impairment loss of intangible assets	**245,390**	-
Provision for loans receivable	**106,082**	1,453,760
Unrealized gain on investments	**(1,176)**	-
Donated trusts	**(176,500)**	(403,200)
Amortization of deferred capital contributions	**(107,196)**	(44,200)
	559,110	(3,080,589)
Change in non-cash working capital items		
Accounts receivable and other assets	**(93,778)**	75,199
Accounts payable and accrued liabilities	**(1,233,532)**	550,159
	(768,200)	(2,455,231)
Financing activities		
Amounts payable to related parties	**(154,906)**	(3,062,479)
Repayment of capital lease obligations	**(215,066)**	(296,628)
Repayment of mortgage principal	**(130,806)**	-
Proceeds from mortgage payable	**1,000,000**	6,000,000
	499,222	2,640,893
Investing activities		
Amounts receivable from related party (net)	**186,011**	(195,680)
Mortgage receivable (net)	**9,776**	9,305
Advances to producer (net)	**78,194**	136,472
Purchase of capital assets	**(185,286)**	(128,091)
Proceeds on disposal of capital assets	**2,866**	627,299
Investment in intangible assets	**-**	(43,072)
	91,561	406,233
Increase (decrease) in cash	**(177,417)**	591,895
Cash, beginning of year	**1,065,285**	473,390
Cash, end of year	**$ 887,868**	$ 1,065,285

See accompanying notes to the financial statements.

1. Net deficit and operating deficiency of revenue over expenses

Crossroads Christian Communications Inc. ("Crossroads" or "CCCI") has experienced consecutive operating deficiencies.

Crossroads' ability to operate as a going concern is dependent on the sale of the land and building in Burlington, Ontario (Note 5) that has been negotiated, the continued support of its donors, and on the Board of Directors' and management's initiatives to ensure that operating surpluses are realized in fiscal 2018 and beyond. Management expects to repay mortgages payable and amounts owing to suppliers from the proceeds of the sale of the property, which is anticipated to close in late December 2017.

2. Nature of operations

Crossroads 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.

Effective November 1, 2016, Crossroads merged with Media Voice Generation ("MVG"), a registered charity and Christian media producer, to continue as Crossroads Christian Communications Inc. Crossroads assumed MVG's donor records, contracts and commitments as well as the production of its program, *Context with Lorna Dueck*. The merger resulted in a contribution to Crossroads from MVG of $154,523, including a $50,000 endowment fund for which Crossroads has assumed responsibility (Note 3).

3. 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. Significant estimates include the collectability of amounts receivable, loans, and other advances to related parties, and the useful life of capital and intangible assets. Actual results could vary from those estimates.

3. Summary of significant accounting policies (continued)

Fund accounting

Crossroads uses fund accounting (Note 13) 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

The Capital and Operating Fund reflects the activities associated with CCCI's day-to-day operations.

Designated Funds

Designated Funds are comprised of the internally restricted Founder's Fund and externally restricted Missions Funds.

The Founder's Fund was established in 2007 as an internally restricted fund in honour of CCCI's founder, David Mainse. These funds were to be held for a minimum of ten years and could be used after that time for special projects or capital purchases as recommended by management and approved by the Board of Directors. Interest income in this fund, net of expenses, is transferred to the Capital and Operating Fund. This fund was closed in fiscal 2017 (Note 13).

The externally restricted Missions Funds include the following:

- World Harvest Evangelism and Television Fund ("WHEAT");
- Emergency Response and Development Fund ("ERDF"); and
- Debt Retirement Fund for the retirement of old debt.

Endowment Fund

The Endowment Fund of $50,000 was transferred to CCCI as a result of the merger with MVG. The principal must be maintained permanently with the income available for purposes specified in the agreement and additional projects at the discretion of the Board. Investments of $63,020 related to the principal and undisbursed interest are held in long-term assets.

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.

3. Summary of significant accounting policies (continued)

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 are recognized as revenue of the appropriate Designated Fund. 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.

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 on an accrual basis as earned.

Unrestricted investment income earned in the period is reported as revenue of the Capital and Operating Fund. Restricted investment income earned is reported as revenue of the corresponding Designated Fund. Investment income subject to externally imposed restrictions requiring that it be maintained permanently is recognized as revenue of the Endowment Fund.

Restricted contributions to the Capital and Operating Fund for the purchase of capital assets are recognized in revenue over the useful life of the asset based on CCCI's amortization policy. Donated goods are recognized in revenue of the appropriate fund at fair value.

Assets held for sale

Assets held for sale are measured at the lower of their carrying amounts or fair value less costs to sell and are no longer subject to amortization.

Capital assets

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

Buildings	2.5% - 5.0%
Television, film and studio equipment	10.0%
Office, computer equipment and other assets	15.0% - 30.0%

Intangible assets

Intangible assets include trademarks, trade names and content relating to Christian children's programs and are amortized using the straight-line method over their estimated useful lives.

3. Summary of significant accounting policies (continued)

Advances to producers

CCCI makes advances to producers for the production of documentaries. When the productions are ready for distribution and revenue generation, the investment is transferred to intangible assets and amortization commences.

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and its carrying value and is recorded in the statement of operations.

Financial instruments

Financial assets and financial liabilities include cash, accounts receivable, amounts and loans due from related parties, mortgages receivable, investments, accounts payable, amounts payable to related parties, trusts, capital lease obligations, and mortgage 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.

4. Related party transactions and balances

Unless otherwise noted, CCCI's related party transactions and balances are trade in nature, unsecured, non-interest bearing and have no set terms of repayment. During the year, the following balances are receivable/payable with related parties:

	2017	2016
Amounts receivable from Tricord Media Inc. (a)	**$ 797,694**	$ 841,757
Loan receivable from Tricord Media Inc. (a)	**70,970**	319,000
	$ 868,664	$ 1,160,757

4. Related party transactions and balances (continued)

	2017	2016
Amounts payable to related parties		
Crossroads Television Systems Inc. ("CTS") (b)	**$ 2,834,928**	$ 3,006,324
Less: Amounts receivable from CTS (b)	**(70,185)**	(88,761)
	2,764,743	2,917,563
Crossroads Christian Communications Inc. (USA) (c)	**-**	2,086
	$ 2,764,743	$ 2,919,649

The following outlines the transactions with various related parties:

(a) During 2012, a faith and values media distribution company, Tricord Media Inc. ("Tricord"), was set up as a not-for-profit organization controlled by CCCI. As at August 31, 2017, in addition to $797,694 (2016 - $841,757), there is a loan receivable from Tricord in the amount of $70,970 (2016 - $319,000), net of a provision of $148,000 (2016 - $700,000) recorded against the loan. In 2017, there was a payment of $100,030 (2016 - $50,000) made on the loan. This loan can be called with 60 days' notice. The interest rate on this loan is prime plus 0.5%.

During the year, Tricord recorded the following transactions:

	2017	2016
Revenue	**$ 77,103**	$ 841,569
Expenses	**367,007**	936,348

As at August 31, 2017, Tricord's assets, liabilities and cash flows were as follows:

	2017	2016
Assets	**$ 810,965**	$ 1,253,382
Liabilities	**$ 3,049,467**	$ 3,200,091
Cash flows		
Operating activities	**$ (36,562)**	$ 205,201
Financing activities	**(148,647)**	(192,287)
Investing activities	**118,483**	21,523
Change in cash during the year	**(66,726)**	34,437
Cash, beginning of year	**70,510**	36,073
Cash, end of year	**$ 3,784**	$ 70,510

4. Related party transactions and balances (continued)

(b) Crossroads Television Systems Inc. ("CTS"), a party under common control with common directors and officers:

	2017	2016
Shared costs recovered	**$ 887,683**	$ 1,276,929
Rental income	**332,700**	319,260
Shared costs paid	**1,097,916**	1,198,750
Free airtime received included in general contributions	**1,196,630**	950,300

(c) Crossroads Christian Communications Inc. USA (CRUSA) is a charity registered in the United States of America, under common control with some common directors and officers.

There were no transactions during fiscal 2017 and 2016. In 2016, a provision was recorded against the full loan amount of $503,760. In addition, a further $1,165,678 in production costs for US ministry, paid for on behalf of CRUSA, were deemed to be unrecovered and were recognized as expenses in fiscal 2016. In fiscal 2017, there was a recovery of $41,918 recognized as revenue in fiscal 2017.

5. Assets held for sale

In August 2017, Crossroads entered into a purchase-and-sale agreement, to sell its Burlington, Ontario property for $19 million under a sale-leaseback arrangement and vendor take-back mortgage of $4.5 million. The vendor take-back mortgage has a 5 year term with interest at 0.0% per annum in years 1 to 4 and interest of 3.0% per annum in year 5. The sale is expected to close in late December 2017 and will result in an estimated gain on sale of $7.7 million.

From the net sale proceeds, management expects to retire its mortgages payable of $6.9 million.

As a result of this anticipated transaction, the property is classified as assets held for sale in current assets, and the mortgages payable is reclassified as current liabilities as at August 31, 2017.

The annual rent expense under the lease arrangement is expected to be $1,976,000 of which $398,000 will be shared costs recovered from Crossroads Television Systems Inc. The new owner will assume all other tenant agreements.

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. Payments are made twice a year for a total annual payment of $14,133, which includes 5% interest on the outstanding balance. The mortgage matures on February 6, 2024. As at August 31, 2017, the amount receivable is $83,785 (2016 - $93,561).

7. Capital assets

			2017	2016
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	$ -	$ -	**$ -**	$ 840,537
Buildings	-	-	**-**	10,500,604
Television, film and studio equipment	3,795,037	2,159,889	**1,635,148**	1,931,405
Office, computer equipment and other assets	1,698,326	1,335,823	**362,503**	409,987
	$ 5,493,363	$ 3,495,712	**$ 1,997,651**	$ 13,682,533

Assets under lease are included in the following classes of assets:

			2017	2016
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Television, film and studio equipment	$ 272,902	$ 58,398	**$ 214,504**	$ 669,742
Office, computer equipment and other assets	-	-	**-**	100,085
	$ 272,902	$ 58,398	**$ 214,504**	$ 769,827

Included in amortization and impairment is $563,741 (2016 - $662,256) of amortization and a loss on disposal of capital assets of $115,897 (2016 - $492,671).

8. Intangible assets

During 2014, CCCI acquired trademarks, trade names and content relating to a Christian children's program in the amount of $234,478. Amortization commenced in fiscal 2016. In 2017, these assets were transferred to the producer and written off.

Included in amortization and impairment is $104,741 (2016 - $89,967) of amortization and an impairment loss of $245,390 (2016 - $Nil).

9. Trusts payable

	2017	2016
Revocable		
Capital and Operating Fund	**$ 263,800**	$ 263,800
Irrevocable		
Capital and Operating Fund	**$ 1,020,640**	$ 1,109,640
Debt Retirement Fund	**954,400**	1,041,900
	$ 1,975,040	$ 2,151,540

A number of trusts have been established by supporters for the benefit of CCCI. Additional funds may be added to these trusts by way of loans and could be repayable if requested. These funds are available for investment in the 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, at which time they are recognized as revenue. The revocable trusts can be called at any time by the holder.

A number of trusts have been established for the Debt Retirement Fund (Note 13). As permitted by the terms of the trust agreements, the cash from this fund was invested by the trusts in Series E mortgage certificates of CCCI. These mortgage certificates have been issued in amounts and with interest rates that match each individual trust, with a maturity date that automatically extends for one year each June 30. The certificates will be redeemed when the trusts become revenue of CCCI on death. The certificates held by the trusts and the corresponding liability for CCCI to redeem the certificates of $954,400 (2016 - $1,041,900) have been eliminated within these financial statements, leaving only the net balance due to the beneficiaries on the statement financial position.

10. Capital lease obligations

The capital lease obligations bear a weighted average interest rate of 6.72%, with monthly blended payments of $5,621, and maturity dates between fiscal 2018 and 2019. The capital lease obligations are secured by a floating charge on CCCI's assets. The full amount of the liability may be repayable by CCCI at any time, categorized as follows:

	2017	2016
Total capital lease payments	**$ 70,843**	$ 296,513
Less: imputed interest	**(2,732)**	(13,336)
Capital lease obligations	**68,111**	283,177
Less: amounts due in less than one year	**(53,989)**	(206,511)
Amounts due in more than one year	**$ 14,122**	$ 76,666

11. Mortgages payable

	2017	2016
(a) First mortgage, bearing interest of 5.25%, repayable in monthly blended principal and interest payments of $40,098, commencing September 1, 2016, based on a 21-year amortization period, renewable on November 13, 2020	**$ 5,869,194**	$ 6,000,000
(b) Second mortgage, bearing interest at 8%, requiring monthly Interest payments only, principal due on November 30, 2018, secured by a second charge on land and buildings	**1,000,000**	-
	6,869,194	6,000,000
Less: current portion	**(6,869,194)**	(167,955)
	$ -	$ 5,832,045

(a) In 2015, CCCI entered into a first mortgage agreement for $6,000,000. The mortgage is secured against a first mortgage charge registered on the land and buildings owned by CCCI. Upon sale of the property (Note 5), the principal and accrued interest will become due immediately.

(b) CCCI intends to pay back the mortgage in full upon sale of the property (Note 5).

12. Deferred capital contributions

	2017	2016
Balance, beginning of year	**$ 512,702**	$ 556,902
Amount recognized in revenue during the year	**(107,196)**	(44,200)
Balance, end of year	**405,506**	512,702
Less: current portion	**(128,172)**	(39,419)
	$ 277,334	$ 473,283

13. Internally and externally restricted funds

	Opening Balance September 1, 2016	Revenue	Expenses	Transfers In (Out)	Closing Balance August 31, 2017
Internally restricted					
Founder's Fund	$ 90,764	$ 341	$ -	$ (91,105)	$ -
Externally restricted					
Missions Funds	887,235	1,188,755	1,252,265	19,721	843,446
Debt Retirement Fund	-	87,500	55,340	(32,160)	-
	$ 887,235	$ 1,276,255	$ 1,307,605	$ (12,439)	$ 843,446

The Founder's Fund was closed in fiscal 2017 and the remaining funds were transferred to the Capital and Operating Fund.

14. Commitments

CCCI is committed under contracts for television airtime in 2018 in the amount of $1,552,552.

CCCI is also committed to the following minimum lease and service payments for the next four fiscal years:

2018	$ 105,715
2019	15,655
2020	13,078
2021	9,062
	$ 143,510

With the sale of the property in Burlington, Ontario (Note 5), these amounts will be reduced significantly and transferred to the new owner.

15. 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 amounts and loans receivable from related parties. A provision of $148,000 against the loan receivable was recognized in fiscal 2017 and therefore this risk associated with loan receivables has been eliminated.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As described in Note 1, Crossroads is exposed to liquidity risk through operating deficiencies and the need to meet the payment of obligations. 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 $4,572 (2016 - $5,112). These amounts are not in arrears.

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 trusts, capital lease obligations, and mortgage payable.

16. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.