

**CHRISTIAN WITNESS MINISTRIES INC. O/A
CHRISTIAN COMMUNICATIONS (CANADA)**

FINANCIAL STATEMENTS

FEBRUARY 28, 2026

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

FEBRUARY 28, 2026

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INDEPENDENT AUDITORS' REPORT

To the Members of:

Christian Witness Ministries Inc. o/a Christian Communications (Canada)

Qualified Opinion

We have audited the accompanying financial statements of Christian Witness Ministries Inc. o/a Christian Communications (Canada) ("the Organization") which comprise the statement of financial position as at February 28, 2026, and the statements of financial activities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at February 28, 2026, and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives income from the general public in the form of donations the completeness of which are not susceptible to complete audit verification. Accordingly, verification of these revenue was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, and cash flows from financial activities for the year ended February 28, 2026 and February 28, 2025, assets and funds balance as at February 28, 2026 and February 28, 2025.

Our audit opinion on the financial statements for the year ended February 28, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 qualified audit opinion.

...Con't

INDEPENDENT AUDITORS' REPORT (CON'T)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 activities, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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.

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 risk, 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.

...Con't

INDEPENDENT AUDITORS' REPORT (CON'T)

Auditors' Responsibilities for the Audit of the Financial Statements (Con't)

- 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 auditors' 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 auditors' 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.

August 4, 2026
Markham, Ontario

CHAN CHOONG & CHANG CPA PROFESSIONAL CORPORATION
Authorized to practice public accounting by
the Chartered Professional Accountants of Ontario

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

STATEMENT OF FINANCIAL POSITION AS AT FEBRUARY 28

ASSETS	2026	2025
CURRENT ASSETS		
Cash	\$ 31,016	\$ -
Term deposit (Note 3)	170,000	170,000
Accounts receivable	3,766	8,872
Due from taxation authorities	-	3,564
Inventory	140,579	126,353
Prepaid expenses	4,973	6,477
	350,334	315,266
CAPITAL ASSETS (Note 4)	188,992	196,762
	\$ 539,326	\$ 512,028
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ -	\$ 18,442
Bank loan (Note 5)	150,000	95,000
Accounts payable & accrued liabilities	68,215	98,546
Due to taxation authorities	1,046	-
Project deposits (Note 6)	122,031	85,018
Directors' loan (Note 7)	69,425	138,333
Loan payable	-	15,000
Deferred liabilities (Note)	19,170	12,010
	429,887	462,349
DIRECTORS' LOAN, less current portion	53,614	-
	483,501	462,349
FUND BALANCE		
GENERAL FUND	55,825	49,679
	\$ 539,326	\$ 512,028

APPROVED ON BEHALF OF THE BOARD:

Director

Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED FEBRUARY 28

	2026	2025
REVENUE		
Sales	\$ 260,992	\$ 267,238
Cost of goods sold	178,691	188,154
	82,301	79,084
Donations	261,643	211,385
Project income (Note 9)	98,503	122,721
Foreign exchange gain	13,590	8,600
Interest & other income (Note 10)	23,225	10,364
	479,262	432,154
EXPENDITURES		
Bank charges	9,608	7,232
Dues & subscriptions	6,787	11,042
Interest on line of credit	3,484	6,503
Insurance	8,581	8,464
Occupancy costs	19,319	24,505
Office & general	18,511	16,958
Professional fees	6,200	6,200
Project expenses	46,166	36,063
Salaries & benefits	345,764	320,145
Travel & conference	57	3,701
Amortization	8,639	9,326
	473,116	450,139
NET SURPLUS (DEFICIT) FROM FINANCIAL ACTIVITIES	6,146	(17,985)
NET SURPLUS, Beginning of year	49,679	67,664
NET SURPLUS, End of year	\$ 55,825	\$ 49,679

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED FEBRUARY 28

	2026	2025
CASH FROM (TO) OPERATING ACTIVITIES		
Net surplus (deficiency) of receipts over disbursements	\$ 6,146	\$ (17,985)
Expenditures not involving an outlay of cash:		
Amortization	8,639	9,326
Loan forgiveness	(15,000)	-
	(215)	(8,659)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts receivable	5,106	(682)
Inventory	(14,226)	3,977
Due from taxation authorities	3,564	(3,564)
Prepaid expenses	1,504	(1,987)
Accounts payable & accrued liabilities	(30,331)	39,302
Due to taxation authorities	1,046	(5,544)
Project deposits	43,494	(228,644)
Deferred liabilities	680	(3,580)
	10,837	(200,722)
	10,622	(209,381)
CASH FROM (TO) INVESTING ACTIVITIES		
Additions to capital assets	(870)	(800)
CASH FROM (TO) FINANCING ACTIVITIES		
Bank indebtedness	(18,442)	18,442
Incurred bank loan	55,000	95,000
Repayment of directors' loan	(15,294)	(7,672)
	21,264	105,770
NET CASH GENERATED (APPLIED) FOR THE YEAR	31,016	(104,411)
CASH POSITION, Beginning of year	-	104,411
CASH POSITION, End of year	\$ 31,016	\$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026

2025

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Christian Witness Ministries Inc. o/a Christian Communications (Canada) ("the Organization") is operated as a charitable organization to preach and promote the advancement of Christian faith by publishing and distributing religious books, magazines and other literature as well as providing training and seminars in Christian education. The Organization is a registered charity under the *Income Tax Act* and, as such, is exempt from income taxes. The financial statements of the Organization present the financial position and the results of activities within the framework of Canadian accounting standards for not-for-profit organizations (ASNPO).

(a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, restricted contributions are deferred until the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Revenue from product sales is recognized upon shipment, once title has passed to the customer, persuasive evidence of an arrangement exists, performance has occurred, receivables are reasonably assured of collection, customer specified test criteria have been met, if applicable and the earnings process is completed.

Project income are recognized on an accrual basis when the services are rendered with the amount reasonably assured and collectible.

Interest income and other income are recognized as revenue when earned

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

(b) Inventory

Inventory is valued at the lower of weighted average cost and net realizable value.

(c) Pledges

Pledges are not recorded as revenue until the pledged contributions are received. There was no pledge recorded as at year end.

(d) Contributed materials and services

Contributions, to the extent recognized in the fund accounts, are recorded at an approximation of fair market value, the Organization is dependent upon the ongoing support of volunteers, the value of which has not been quantified in these financial statements because of the difficulty in determining an objective fair value.

(e) Term deposit

Term deposit include high liquidity investment earning low-risk investment return.

(f) Capital Assets

Amortization of capital assets for the year has been designed at the following rates to write-off the assets over their estimated useful lives in the following rates and basis:

Building	- 2% straight-line
Computer equipment	- 30% diminishing balance
Furniture & fixtures	- 20% diminishing balance
Machine & equipment	- 20% diminishing balance

(g) Foreign currency transaction

All foreign currencies are translated into Canadian dollars using the period average rate for revenue and expenses items. Current rate prevailing at year end are used for monetary assets and liabilities included in the balance sheet and historical rates for historical items. Exchange gain and losses arising on the transaction of the accounts are included in income.

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

(h) Use of significant accounting estimates

The preparation of financial statements required the Board to make estimates and assumptions that affect the reported amounts and other disclosures in these financial statements. Significant areas requiring the use of judgement include accrued liabilities, deferred revenue & liabilities and useful lives of capital assets. Actual results may differ from these estimates.

(i) Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and term deposit.

Financial liabilities measured at amortized cost include bank indebtedness, bank loan, accounts payable & accrued liabilities and directors' loan and loan payable.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026

2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

(i) Financial instruments (con't)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. RISK EXPOSURE

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the balance sheet date on February 28, 2026.

(a) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its director loan and loan payable. Management typically forecasts cash flows for a period of 12 months to identify financing requirements.

(b) 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. The Organization exposed to credit risk to its accounts receivable. The Organization mitigate this risk by only provides credit to the customers with long term relationship and maintain a cash on delivery policy for the rest of the customers.

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026

2025

2. RISK EXPOSURE (CON'T)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization exposed to currency risk from goods and services paid to overseas vendors, mostly in U.S. dollar. The Organization mitigate this risk by maintaining a U.S. dollar bank account..

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 on its term deposit, director loan and loan payable. The Organization mitigates interest rate risk by fixing the interest rates on term deposit and negotiated a non-interest bearing director loan and notes payable.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk from its in-kind donation. The Organization mitigates this risk by recognizing the asset as soon as it is received.

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

2026 2025

3. TERM DEPOSIT

Included in term deposit is a non-redeemable Guaranteed Investment Certificate (GIC) bear interest at 2.25% (2025 - 2.76%), the GIC will mature within one year. The GIC is also held as security of the Organization's line of credit, see Note 5.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net book Value	Net book Value
Building	289,304	109,936	179,368	185,155
Computer equipment	58,147	55,647	2,500	3,572
Furniture & equipment	50,341	43,949	6,392	7,989
Machine & equipment	2,532	1,800	732	46
	\$ 400,324	\$ 211,332	\$ 188,992	\$ 196,762

5. BANK LOAN

This is a \$275,000 line of credit (LOC) from Royal Bank of Canada (RBC). The LOC is secured by a \$170,000 term deposit, see note 3. The line of credit bears interest at RBC's prime rate plus 1%.

RBC's prime rate was 4.45% as at February 28, 2026 and the report date.

6. PROJECT DEPOSITS

The Project deposits were collected for the Holyland tour, net of disbursement already made to project related expenses.

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

	2026	2025
7. DIRECTORS' LOAN		
Advances from two directors of the Organization. One of the loan amount to \$37,425 is non-interest bearing with no fixed term of repayment. Another loan amount to \$85,614 is also non-interest bearing, due October 2028 with the following minimum principal repayments:		
2027	\$ 27,000	
2028	27,000	
2029	<u>31,614</u>	
	<u>\$ 85,614</u>	
8. DEFERRED LIABILITIES		
Gift certificate issued	\$ 15,690	\$ 15,010
Gift certificate provision	(3,000)	(3,000)
Others	6,480	-
	<u>\$ 19,170</u>	<u>\$ 12,010</u>
9. PROJECT INCOME		
	2026	2025
Christian Education	63,674	93,308
China ministry	24,936	20,447
Literature ministry	9,893	8,966
	<u>\$ 98,503</u>	<u>\$ 122,721</u>

CHRISTIAN WITNESS MINISTRIES INC. O/A CHRISTIAN COMMUNICATIONS (CANADA)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28

	2026	2025
10. INTEREST & OTHER INCOME		
Interest income	\$ 4,692	\$ 10,315
Loan forgiveness	15,000	-
Anniversary event (net)	3,469	-
Misc income	64	49
	\$ 23,225	\$ 10,364

During the year, Christian Communications International Ltd forgive their loan to the Organization in the amount of \$15,000.

11. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to confirm with current year's presentation.