

CrossWorld

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2009 and 2008

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CrossWorld

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INDEPENDENT AUDITORS' REPORT

Board of Directors
UFM International, Inc. d/b/a CrossWorld
Bala Cynwyd, Pennsylvania

We have audited the accompanying consolidated statements of financial position of UFM International d/b/a CrossWorld as of August 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CrossWorld's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of UFM International d/b/a CrossWorld as of August 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the consolidated financial statements, CrossWorld had a change in accounting policy relating to the missionary payroll accrual. Accordingly, prior year liabilities and temporarily restricted net assets have been restated.

As discussed in Notes 10, 11 and 13, CrossWorld had implemented SFAS No. 157, Fair Value measurements, and FSP FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classifications of funds Subject to an Enacted Version of the Uniform Prudent management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds, and SFAS 165, Subsequent Events. The adoption of these standards had no impact on previously reported net assets.



Wheaton, Illinois
December 15, 2009

CrossWorld

Consolidated Statements of Financial Position

	August 31,	
	2009	2008
ASSETS:		
Cash and cash equivalents	\$ 1,056,606	\$ 1,428,266
Investments	7,912,622	8,166,145
Advances and other accounts receivable	371,588	31,497
Cash–custodial funds	273,422	368,866
Property and equipment–net	2,636,431	2,813,101
Endowment assets	1,028,440	1,090,662
Total assets	\$ 13,279,109	\$ 13,898,537
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 683,577	\$ 639,867
Custodial funds payable	273,422	368,866
Present value of annuities payable	203,080	191,352
Total liabilities	1,160,079	1,200,085
Net assets:		
Unrestricted:		
Discretionary Board reserves	2,701,795	2,515,411
Equity in property and equipment	2,636,431	2,813,101
	5,338,226	5,328,512
Temporarily restricted	6,187,419	6,776,555
Permanently restricted	593,385	593,385
Total net assets	12,119,030	12,698,452
Total Liabilities and Net Assets	\$ 13,279,109	\$ 13,898,537

See notes to consolidated financial statements

CrossWorld

Consolidated Statements of Activities

	Year Ended August 31,							
	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Support:								
Contributions	\$ 1,040,430	\$ 14,515,375	\$ -	\$ 15,555,805	\$ 1,125,502	\$ 15,080,461	\$ 25	\$ 16,205,988
Revenue:								
Investment income	364,160	(74,040)	-	290,120	336,710	(16,723)	-	319,987
Other	38,242	-	-	38,242	189,855	-	-	189,855
Change in value of charitable gift annuities	(35,358)	-	-	(35,358)	(9,630)	-	-	(9,630)
	<u>367,044</u>	<u>(74,040)</u>	<u>-</u>	<u>293,004</u>	<u>516,935</u>	<u>(16,723)</u>	<u>-</u>	<u>500,212</u>
Total support and revenue	<u>1,407,474</u>	<u>14,441,335</u>	<u>-</u>	<u>15,848,809</u>	<u>1,642,437</u>	<u>15,063,738</u>	<u>25</u>	<u>16,706,200</u>
RECLASSIFICATIONS:								
Net assets released from restrictions:								
Satisfaction of purpose restrictions	13,638,568	(13,638,568)	-	-	13,787,567	(13,787,567)	-	-
Administrative assessments	1,391,903	(1,391,903)	-	-	1,184,273	(1,184,273)	-	-
Total reclassifications	<u>15,030,471</u>	<u>(15,030,471)</u>	<u>-</u>	<u>-</u>	<u>14,971,840</u>	<u>(14,971,840)</u>	<u>-</u>	<u>-</u>
EXPENSES:								
Program services	12,392,365	-	-	12,392,365	12,941,530	-	-	12,941,530
Supporting activities:								
General and administrative	3,234,996	-	-	3,234,996	3,042,155	-	-	3,042,155
Fund-raising	800,870	-	-	800,870	918,691	-	-	918,691
	<u>4,035,866</u>	<u>-</u>	<u>-</u>	<u>4,035,866</u>	<u>3,960,846</u>	<u>-</u>	<u>-</u>	<u>3,960,846</u>
Total expenses	<u>16,428,231</u>	<u>-</u>	<u>-</u>	<u>16,428,231</u>	<u>16,902,376</u>	<u>-</u>	<u>-</u>	<u>16,902,376</u>
Change in Net Assets	9,714	(589,136)	-	(579,422)	(288,099)	91,898	25	(196,176)
Net Assets, Beginning of Year:								
As previously stated	5,328,512	6,776,555	593,385	12,698,452	5,616,611	6,096,355	593,360	12,306,326
Change in accounting policy (Note 12)	-	-	-	-	-	588,302	-	588,302
As restated	<u>5,328,512</u>	<u>6,776,555</u>	<u>593,385</u>	<u>12,698,452</u>	<u>5,616,611</u>	<u>6,684,657</u>	<u>593,360</u>	<u>12,894,628</u>
Net Assets, End of Year	<u>\$ 5,338,226</u>	<u>\$ 6,187,419</u>	<u>\$ 593,385</u>	<u>\$ 12,119,030</u>	<u>\$ 5,328,512</u>	<u>\$ 6,776,555</u>	<u>\$ 593,385</u>	<u>\$ 12,698,452</u>

See notes to consolidated financial statements

CrossWorld

Consolidated Statements of Cash Flows

	Year Ended August 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (579,422)	\$ (196,176)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	227,942	226,032
Gain on sale of property and equipment	(47,887)	(31,356)
Contributed investments	(83,522)	(255,390)
Payments on annuities	43,916	43,916
Actuarial change in value of annuities	11,405	(7,133)
Net realized and unrealized (gains) losses on investments	223,353	139,276
Gifts for long-term purposes	-	(25)
Impairment of fixed assets	154,599	-
Net change in operating assets and liabilities:		
Change in operating assets	(340,091)	65,472
Change in operating liabilities	43,710	(101,629)
Net Cash Used by Operating Activities	(345,997)	(117,013)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	617,072	706,858
Purchases of investments	(441,158)	(527,363)
Proceeds from sales of property and equipment	70,638	51,305
Purchases of property and equipment	(228,622)	(117,644)
Net Cash Provided by Investing Activities	17,930	113,156
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of new annuities	15,000	45,000
Gift portion of new annuities	(7,358)	(25,746)
Annuity maturities	(7,319)	(8,311)
Payments on annuities	(43,916)	(43,916)
Gifts for long-term purposes	-	25
Net Cash Used by Financing Activities	(43,593)	(32,948)
Net Change in Cash and Cash Equivalents	(371,660)	(36,805)
Cash and Cash Equivalents, Beginning of Year	1,428,266	1,465,071
Cash and Cash Equivalents, End of Year	\$ 1,056,606	\$ 1,428,266

See notes to consolidated financial statements

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

1. NATURE OF ORGANIZATION:

UFM International is an international, Christian, evangelistic organization. Its overseas ministry operations are conducted under the terms of a joint ministries agreement between UFM International, Inc. (a U.S. nonprofit corporation) and UFM International in Canada under the direction of a Joint Ministries Council composed of representatives appointed by the U.S. and Canadian boards. The ministry's purpose is to reach people without a knowledge of the Gospel and to establish them in local churches for Christian nurture, training for service and opportunities for outreach to others.

UFM International, Inc. was incorporated under the Nonprofit Corporation Act of the State of Pennsylvania in 1942. It is organized as a religious order, and recognized by the Internal Revenue Service both as a church and as associated with churches of the Protestant faith. As such, it is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and is classified as a publicly supported organization which is not a foundation under Section 509(a)(2). Contributions from the public are deductible for income tax purposes.

UFM International in Canada is incorporated under the laws of Canada as a nonprofit organization. It qualifies as a registered charity under the provisions of the Income Tax Act. UFM International, Inc. and UFM International in Canada conduct their overseas ministry activities under a joint ministries agreement, executed on May 30, 2002.

Effective January 1, 2005, UFM International began doing business as CrossWorld. The legal name of the corporation has not changed, but the corporation will no longer be known as UFM International. Also, UFM International in Canada began doing business as CrossWorld Canada.

The ministry is a faith mission, dependent upon God as He moves the hearts of interested individuals, local churches and other organizations to meet financial needs. Strict fiscal integrity is maintained. The ministry is a member of both the Evangelical Council for Financial Accountability (ECFA) and CrossGlobal Link (formerly IFMA). Missionaries raise support for their related ministries from interested churches and individuals. Support figures are established according to cost-of-living factors and include an amount for mission administration, medical and life insurance, retirement, allowances for the education of children, and ministry expense. Funds provided for the support of missionaries are under the complete control of CrossWorld and are set apart for that purpose and disbursed in compliance with the support schedule and policies of CrossWorld.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of CrossWorld include the transactions and balances of The CrossWorld Endowment Trust, which is a controlled affiliated organization of CrossWorld. The CrossWorld Endowment Trust is a Pennsylvania nonprofit organization which exists to further the purposes of CrossWorld. It is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. All significant intra-organization transactions and balances have been eliminated for consolidated financial statement purposes.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

1. NATURE OF ORGANIZATION, continued:

REPORTING ENTITY

These consolidated financial statements include the international and U.S. operations which are conducted under the joint ministries agreement and all remitted contributions to or from CrossWorld Canada for specific projects and missionary support accounts. These consolidated statements do not include the assets, liabilities, net assets, revenue and expenses of CrossWorld Canada not held by or remitted to CrossWorld under the joint ministries agreement because CrossWorld Canada is not controlled by CrossWorld. These consolidated financial statements include the material assets, liabilities, net assets, revenue and expenses of CrossWorld fields and operating locations in Central and South America, the Caribbean, Africa, Europe and Asia. CrossWorld is affiliated with national ministries in Belem, Brazil and the DRC. Although missionaries in those areas work with the affiliates, the national entities are not under CrossWorld control. Accordingly, assets and expenditures are treated as grants and not consolidated in these financial statements.

FOREIGN OPERATIONS

In connection with its worldwide ministry, the mission maintains locations in approximately 30 countries outside the United States. Ministries in these countries include literature production and distribution, linguistics and translation, medicine, community development, radio, youth camp programs, education, Christian films and home Bible studies. As of August 31, 2009 and 2008, current assets in other countries, including cash and cash equivalents, totaled \$95,248 and \$166,054, respectively; and liabilities, including accounts payable and accrued expenses, amounted to \$31,111 and \$60,739, respectively. Total overseas support and revenue received from foreign sources amounted to \$125,911 and \$150,291 for the years ended August 31, 2009 and 2008, respectively.

The following amounts represent checking accounts held by the ministry, under the CrossWorld tax identification number, on behalf of affiliated, but unconsolidated, international ministries.

	August 31,	
	2009	2008
Belem, Brazil	\$ 179,625	\$ 283,536
Democratic Republic of the Congo national church entities	93,797	85,330
	<u>\$ 273,422</u>	<u>\$ 368,866</u>

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES:

The ministry maintains its accounts and prepares its consolidated financial statements on the accrual basis in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates. Certain amounts in the prior year consolidated financial statements have been reclassified in order to conform to the current year presentation. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Unrestricted net assets are those currently available for ministry purposes under the direction of the Board, and those resources invested in property and equipment. Board designated net assets include amounts for medical assistance for missionaries, equipment replacement, travel and annuity reserves.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions or those not currently available for use until commitments regarding their use have been fulfilled.

Permanently restricted net assets are those contributed with donor restrictions requiring they be held in perpetuity. Income received on endowment funds may be designated by the agreement for specific ministry purposes or may be available for unrestricted use by the ministry.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of interest-bearing checking and savings accounts, and short-term certificates of deposit with maturities of less than three months. These accounts may, at times, exceed federally insured limits. The ministry has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents. Total cash and cash equivalents held in foreign accounts and currencies was \$95,248 and \$166,054, respectively, at August 31, 2009 and 2008.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value with realized and unrealized gains and losses included as unrestricted revenue in the consolidated statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions. Other investments are reported at the lower of cost or fair value.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY, EQUIPMENT AND DEPRECIATION

Expenditures for property and equipment are capitalized at cost. Donated assets to be used by the organization are capitalized at their fair value on the date of the gift. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets (50 years for buildings, 5-10 years for furniture and equipment, and 5 years for vehicles). The ministry capitalizes fixed asset purchases exceeding \$5,000 with lesser amounts expensed in the year purchased.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of vendor accounts payable, accruals representing field missionary and project expenses incurred prior to year end but not reimbursed until after year end, claims incurred prior to year end but not yet paid under the self funded medical plan, and accrued payroll and payroll related expenses.

ANNUITIES PAYABLE

Upon receipt of gift annuities, the actuarially computed value of future payments, using federal mortality tables and a 4.2% discount rate, is recognized as a liability, and the difference between the liability and the face value of the annuity is recognized as contribution income. Assets funding gift annuities are included with investments on the consolidated statements of financial position.

PROMISES TO GIVE

The ministry receives indications of intent to support programs that are commitments to provide monthly, quarterly or annual gifts of a specified amount. These commitments are open ended and subject to unilateral change by the donor. Because the commitments are subject to unilateral change by the donor and they do not express a term or period, the amount of the commitment is not measurable. As a result, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

PUBLIC SUPPORT, REVENUE AND EXPENSES

Contributions are recognized when made, which may be when an unconditional promise to give is made or when cash is received. All contributions are considered available for unrestricted use, unless stipulations are made by the donor for a specified time or purpose. Donor restricted contributions for missionary support and projects are reported as temporarily restricted contributions and are reclassified as unrestricted when the funds have been expended for the purposes specified.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PUBLIC SUPPORT, REVENUE, AND EXPENSES, continued

In certain cases, contributions are solicited for support and project accounts that have been previously funded by unrestricted resources in anticipation of receiving donor restricted contributions. Such contributions received are recognized as reclassifications to unrestricted support in the period received because expenses have previously been incurred.

Donated goods (including securities and property) are recorded at fair value at the date of the gift. Contributed services that improve or enhance property and equipment are recognized at fair value as contributions and increased cost basis of property and equipment. Contributed services that require specialized skills are recognized at fair value as contributions and expenses. No material contributed services were received or recorded during the years ended August 31, 2009 or 2008, respectively.

The ministry reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Revenue is recognized when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Costs have been allocated to program services and supporting activities based on the functions benefited. Expenses include costs of joint activities such as payroll, housing and benefits, and ministry expenses of furloughing missionaries. Joint costs have been allocated as follows:

	Year Ended August 31,	
	2009	2008
Program services	\$ 7,739,735	\$ 7,957,287
Supporting activities:		
General and administrative	1,028,246	1,146,944
Fund-raising	725,608	772,361
Total joint costs	<u>\$ 9,493,589</u>	<u>\$ 9,876,592</u>

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES, continued

Total fund-raising expense consists of the following:

	Year Ended August 31,	
	2009	2008
Joint costs:		
Salary, housing and expenses of furloughing missionaries	\$ 453,554	\$ 458,589
Salary and housing of U.S. directors	76,377	97,446
Salary and housing of field missionaries	120,317	117,347
Employee benefits and payroll taxes	75,360	98,979
Joint costs allocated to fund-raising expense	725,608	772,361
Direct costs:		
Advancement department mailings, supplies and other	75,262	146,330
	\$ 800,870	\$ 918,691
Total fund-raising expense	\$ 800,870	\$ 918,691

3. INVESTMENTS:

Investments consist of:

	August 31,	
	2009	2008
Mutual funds	\$ 790,671	\$ 1,031,295
Certificates of deposit	11,049	261,049
Corporate stock	1,612,646	1,756,258
Corporate bonds including accrued interest	3,531,006	3,286,698
U.S. Government securities	2,817,690	2,921,507
Other investments	178,000	-
	8,941,062	9,256,807
Less endowment assets	(1,028,440)	(1,090,662)
	\$ 7,912,622	\$ 8,166,145

Investment income consists of:

	Year Ended August 31,	
	2009	2008
Interest and dividends	\$ 465,586	\$ 427,907
Net realized and unrealized losses	(175,466)	(107,920)
	\$ 290,120	\$ 319,987
	\$ 290,120	\$ 319,987

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Notes to Consolidated Financial Statements

August 31, 2009 and 2008

4. ADVANCES AND OTHER ACCOUNTS RECEIVABLE:

Advances and other accounts receivable consist of:

	August 31,	
	2009	2008
U.S. Headquarters:		
Miscellaneous project and medical aid fund advances to missionaries and other accounts receivable	\$ 62,909	\$ 3,186
Rent deposit with Avant Ministries (see note below)	250,000	-
Mission fields:		
Miscellaneous advances and other accounts receivable	58,679	28,311
	\$ 371,588	\$ 31,497

In March 2009, CrossWorld decided to relocate its corporate headquarters from Bala Cynwyd, Pennsylvania to the campus of Avant Ministries (AM) in Kansas City. As part of this relocation, CrossWorld and AM have signed contracts with the following terms:

Facility construction: AM will construct facilities for CrossWorld on the AM campus. CrossWorld will reimburse AM for these construction costs over a 10 year period, beginning with the completion and occupancy of the facilities (expected fall 2010). This contract called for a \$250,000 security deposit, to be refunded upon final repayment of the above construction costs.

Facility use: CrossWorld has entered into a lease agreement for the use of these facilities over a 40 year period, requiring the payment of CrossWorld's share of the facility operating costs. This lease agreement is cancelable at any time by either party with a two year written notice.

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	August 31, 2009		
	U.S. Headquarters	Other Countries	Total
Land	\$ 1,272,514	\$ 4,000	\$ 1,276,514
Buildings	1,580,299	120,630	1,700,929
Furniture and equipment	511,090	-	511,090
Vehicles	38,390	1,083,744	1,122,134
	3,402,293	1,208,374	4,610,667
Less accumulated depreciation	(1,163,157)	(811,079)	(1,974,236)
	\$ 2,239,136	\$ 397,295	\$ 2,636,431

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Notes to Consolidated Financial Statements

August 31, 2009 and 2008

5. PROPERTY AND EQUIPMENT, continued:

	August 31, 2008		
	U.S. Headquarters	Other Countries	Total
Land	\$ 1,272,514	\$ 4,000	\$ 1,276,514
Buildings	1,580,299	120,630	1,700,929
Furniture and equipment	467,976	7,449	475,425
Vehicles	52,667	1,120,587	1,173,254
	<u>3,373,456</u>	<u>1,252,666</u>	<u>4,626,122</u>
Less accumulated depreciation	<u>(930,251)</u>	<u>(882,770)</u>	<u>(1,813,021)</u>
	<u>\$ 2,443,205</u>	<u>\$ 369,896</u>	<u>\$ 2,813,101</u>

Management has reviewed the assets in other countries and, in its opinion, determined they are under the control and ownership of the ministry. While such items are recognized as assets of the ministry, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while the ministry believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood the carrying value of the assets in other countries may not be representative of the amount that could be realized should the assets be sold.

6. RETIREMENT PLANS:

CrossWorld sponsors a 403(b) retirement plan and contributes to the plan on behalf of all full-time employees beginning the month in which they leave for the field or are hired in a staff position. CrossWorld contributes \$100 per month for each full-time employee. Contributions to the 403(b) plan for the years ended August 31, 2009 and 2008, were \$408,000 and \$417,200, respectively.

7. SELF FUNDED MEDICAL PLAN:

CrossWorld provides a medical assistance program to its employees covering medical, hospital, dental and optical costs, with certain limits. The deductible is \$100 per claim. CrossWorld has established a Board designated reserve to fund these expenses. Although not legally obligated, CrossWorld desires to continue providing this benefit; however, it retains the right to modify or cancel this program at any time. The number of employees covered under the program was 235 and 248 for the years ended August 31, 2009 and 2008, respectively. Included in accounts payable and accrued expenses is \$2,919 and \$9,577 at August 31, 2009 and 2008, respectively, for claims incurred prior to year end but not yet paid.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

8. RELATED PARTY TRANSACTIONS:

CrossWorld makes grants to certain unconsolidated, affiliated organizations (see Note 1). These amounts are reported as program expense in the consolidated statements of activities.

	Year Ended August 31,	
	2009	2008
Grants made:		
Belem, Brazil	\$ 156,288	\$ 114,140
DRC national church entities	330,273	292,588
	\$ 486,561	\$ 406,728

9. NET ASSETS:

Net assets consist of:

	August 31,	
	2009	2008
Unrestricted:		
Discretionary Board reserves (including self funded medical plan reserve)	\$ 2,701,795	\$ 2,515,411
Invested in equipment–net of accumulated depreciation	2,636,431	2,813,101
Total unrestricted	5,338,226	5,328,512
Temporarily restricted:		
U.S. Headquarters:		
Missionary support	4,918,322	5,346,148
Term endowments	435,055	497,277
Various projects	285,829	337,410
Temporarily restricted endowment earnings	132,785	154,365
Memorial funds	47,953	46,895
Mission fields:		
Revolving church loan funds and project balances	367,475	394,460
Total temporarily restricted	6,187,419	6,776,555
Permanently restricted endowments	593,385	593,385
	\$ 12,119,030	\$ 12,698,452

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

10. FAIR VALUE MEASUREMENTS:

Effective July 1, 2008, CrossWorld adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 has been applied prospectively as of the beginning of the year.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

CrossWorld uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CrossWorld measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

10. FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the SFAS 157 fair value hierarchy in which the fair value measurements fall at August 31, 2009:

	Fair Value Measurement Using:		
	Fair Value	Quoted prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Mutual funds	\$ 790,671	\$ 790,671	\$ -
Certificates of deposit	11,049	-	11,049
Corporate stock	1,612,646	1,612,646	-
Corporate bonds including accrued interest	3,531,006	-	3,531,006
U.S. Government securities	2,817,690	2,817,690	-
	<u>\$ 8,763,062</u>	<u>\$ 5,221,007</u>	<u>\$ 3,542,055</u>

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position:

Level 1

Money markets, common stock and U.S. government securities are carried at fair value based on quoted market prices.

Level 2

Corporate Bonds

The fair values of certain corporate bonds for which quoted market prices are not available are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Certificates of Deposit

The fair values of the certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality, and type as obtained from market makers.

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

11. ENDOWMENT FUNDS:

In August 2008, the FASB issued Staff Position No. FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA has not yet been enacted in Pennsylvania. The net asset classification provisions of FSP 117-1 will be adopted by CrossWorld upon enactment of UPMIFA into law in Pennsylvania. The effect of the adoption of this component of FSP 117-1 on the Organization's financial position or results of operations has not yet been determined.

CrossWorld's endowments consist of funds in which the corpus is restricted by the donors in perpetuity. As required by accounting standards generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CrossWorld's management has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CrossWorld classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UMIFA.

In accordance with UMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for year ended August 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (722)	\$ 651,642	\$ 593,385	\$ 1,244,305
Investment return:				
Interest and dividend income	-	27,417	-	27,417
Net losses (realized and unrealized)	(27,269)	(91,005)	-	(118,274)
Total investment return	(27,269)	(63,588)	-	(90,857)
Contributions	-	-	-	-
Amounts appropriated for expenditure	(14,180)	(20,214)	-	(34,394)
	(41,449)	(83,802)	-	(125,251)
Endowment net assets, end of year	\$ (42,171)	\$ 567,840	\$ 593,385	\$ 1,119,054

Description of amounts classified as permanently restricted net assets:

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UMIFA.

\$ 593,385

Temporarily restricted net assets:

Term endowments

\$ 435,055

The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UMIFA.

132,785

\$ 567,840

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for year ended August 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 753,585	\$ 593,360	\$ 1,346,945
Investment return:				
Interest and dividend income	-	28,699	-	28,699
Net losses (realized and unrealized)	(722)	(32,380)	-	(33,102)
Total investment return	(722)	(3,681)	-	(4,403)
Contributions	-	-	25	25
Amounts appropriated for expenditure	-	(98,262)	-	(98,262)
	(722)	(101,943)	25	(102,640)
Endowment net assets, end of year	\$ (722)	\$ 651,642	\$ 593,385	\$ 1,244,305

Description of amounts classified as permanently restricted net assets:

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UMIFA.

\$ 593,385

Temporarily restricted net assets:

Term endowments

\$ 497,277

The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UMIFA.

154,365
\$ 651,642

CrossWorld

Notes to Consolidated Financial Statements

August 31, 2009 and 2008

11. ENDOWMENT FUNDS, continued:

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UMIFA requires CrossWorld to retain as a fund of perpetual duration. In accordance with GAAP, there were \$42,171 and \$722 of funds with deficiencies as of August 31, 2009 and 2008, respectively.

Return Objectives and Risk Parameters:

CrossWorld has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CrossWorld must hold in perpetuity or for a donor-specified period(s).

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, CrossWorld relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Related to Spending Policy:

The sole purpose of CrossWorld's endowments are to help support various missionaries at CrossWorld. Any investment income earned on the endowments will be used for the intended purposes by the donor - to fund missionary support accounts.

12. CHANGE IN ACCOUNTING POLICY:

During fiscal year 2009, it was determined that the accounting policy related to the missionary payroll accrual should change. The fiscal year 2009 beginning temporarily restricted net assets have been increased by \$588,302 to eliminate the accrued liability. In addition, 2008 activity has been restated to recognize an \$11,286 increase in expenses related to the previously recorded accrual.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In connection with the relocation to Kansas City (see Note 4), CrossWorld has agreed to provide certain relocation and/or severance benefits to certain employees. In accordance with existing technical standards, a portion of these benefits has been accrued and included in the 2009 consolidated financial statements. The estimated portion to occur and be recognized in future periods approximates \$340,000.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL SCHEDULES**

Board of Directors
UFM International, Inc. d/b/a CrossWorld
Bala Cynwyd, Pennsylvania

Our report on our audits of the basic consolidated financial statements of UFM International, Inc. d/b/a CrossWorld for 2009 and 2008 appears on page 1. These audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on the following pages is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



Wheaton, Illinois
December 15, 2009

CrossWorld

Supplemental Consolidated Statements of Financial Position

	August 31,									
	2009					2008				
	U.S. Headquarters	Mission Fields	Endowment Trust	Eliminations	Totals	U.S. Headquarters	Mission Fields	Endowment Trust	Eliminations	Totals
ASSETS:										
Cash and cash equivalents	\$ 714,738	\$ 339,907	\$ 1,961	\$ -	\$ 1,056,606	\$ 999,377	\$ 426,888	\$ 2,001	\$ -	\$ 1,428,266
Investments	7,643,271	-	269,351	-	7,912,622	7,885,043	-	281,102	-	8,166,145
Advances and other assets	312,909	58,679	-	-	371,588	3,186	28,311	-	-	31,497
Cash-custodial funds	273,422	-	-	-	273,422	368,866	-	-	-	368,866
Property and equipment-net	2,239,136	397,295	-	-	2,636,431	2,443,205	369,896	-	-	2,813,101
Endowment assets	1,028,440	-	-	-	1,028,440	1,090,662	-	-	-	1,090,662
Total assets	\$ 12,211,916	\$ 795,881	\$ 271,312	\$ -	\$ 13,279,109	\$ 12,790,339	\$ 825,095	\$ 283,103	\$ -	\$ 13,898,537
LIABILITIES AND NET ASSETS:										
Accounts payable and accrued expenses	\$ 652,466	\$ 31,111	\$ -	\$ -	\$ 683,577	\$ 579,128	\$ 60,739	\$ -	\$ -	\$ 639,867
Custodial funds payable	273,422	-	-	-	273,422	368,866	-	-	-	368,866
Present value of annuities payable	203,080	-	-	-	203,080	191,352	-	-	-	191,352
Total liabilities	1,128,968	31,111	-	-	1,160,079	1,139,346	60,739	-	-	1,200,085
Net assets:										
Unrestricted:										
Discretionary Board reserves	2,430,483	-	271,312	-	2,701,795	2,232,308	-	283,103	-	2,515,411
Equity in property and equipment	2,239,136	397,295	-	-	2,636,431	2,443,205	369,896	-	-	2,813,101
	4,669,619	397,295	271,312	-	5,338,226	4,675,513	369,896	283,103	-	5,328,512
Temporarily restricted	5,819,944	367,475	-	-	6,187,419	6,382,095	394,460	-	-	6,776,555
Permanently restricted	593,385	-	-	-	593,385	593,385	-	-	-	593,385
Total net assets	11,082,948	764,770	271,312	-	12,119,030	11,650,993	764,356	283,103	-	12,698,452
1 Total Liabilities and Net Assets	\$ 12,211,916	\$ 795,881	\$ 271,312	\$ -	\$ 13,279,109	\$ 12,790,339	\$ 825,095	\$ 283,103	\$ -	\$ 13,898,537

CrossWorld

Supplemental Consolidated Statements of Activities

	Year Ended August 31,									
	2009					2008				
	U.S. Headquarters	Mission Fields	Endowment Trust	Eliminations	Totals	U.S. Headquarters	Mission Fields	Endowment Trust	Eliminations	Totals
Change in Unrestricted Net Assets:										
Support and revenue:										
Contributions	\$ 1,040,430	\$ 586,317	\$ -	\$ (586,317)	\$ 1,040,430	\$ 1,125,502	\$ 586,152	\$ 80,000	\$ (666,152)	\$ 1,125,502
Investment income	355,321	20,630	(11,791)	-	364,160	308,156	30,029	(1,475)	-	336,710
Other	(51,230)	89,472	-	-	38,242	67,365	122,490	-	-	189,855
Change in value of charitable gift annuities	(35,358)	-	-	-	(35,358)	(9,630)	-	-	-	(9,630)
Total support and revenue	<u>1,309,163</u>	<u>696,419</u>	<u>(11,791)</u>	<u>(586,317)</u>	<u>1,407,474</u>	<u>1,491,393</u>	<u>738,671</u>	<u>78,525</u>	<u>(666,152)</u>	<u>1,642,437</u>
Net assets released from restrictions:										
Satisfaction of purpose restrictions	13,595,774	42,794	-	-	13,638,568	13,777,159	10,408	-	-	13,787,567
Administrative assessments	1,391,903	-	-	-	1,391,903	1,184,273	-	-	-	1,184,273
Total reclassifications	<u>14,987,677</u>	<u>42,794</u>	<u>-</u>	<u>-</u>	<u>15,030,471</u>	<u>14,961,432</u>	<u>10,408</u>	<u>-</u>	<u>-</u>	<u>14,971,840</u>
Expenses:										
Program services	12,266,868	711,814	-	(586,317)	12,392,365	12,779,879	827,803	-	(666,152)	12,941,530
Supporting activities:										
General and administrative	3,234,996	-	-	-	3,234,996	3,042,155	-	-	-	3,042,155
Fund-raising	800,870	-	-	-	800,870	918,691	-	-	-	918,691
Total expenses	<u>4,035,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,035,866</u>	<u>3,960,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,960,846</u>
Total expenses	<u>16,302,734</u>	<u>711,814</u>	<u>-</u>	<u>(586,317)</u>	<u>16,428,231</u>	<u>16,740,725</u>	<u>827,803</u>	<u>-</u>	<u>(666,152)</u>	<u>16,902,376</u>
Change in unrestricted net assets	<u>(5,894)</u>	<u>27,399</u>	<u>(11,791)</u>	<u>-</u>	<u>9,714</u>	<u>(287,900)</u>	<u>(78,724)</u>	<u>78,525</u>	<u>-</u>	<u>(288,099)</u>
Change in Temporarily Restricted Net Assets:										
Support and revenue and reclassifications:										
Contributions	14,489,114	26,261	-	-	14,515,375	15,069,647	10,814	-	-	15,080,461
Investment income	(63,588)	(10,452)	-	-	(74,040)	(3,681)	(13,042)	-	-	(16,723)
Net assets released from restrictions	(14,987,677)	(42,794)	-	-	(15,030,471)	(14,961,432)	(10,408)	-	-	(14,971,840)
Change in temporarily restricted net assets	<u>(562,151)</u>	<u>(26,985)</u>	<u>-</u>	<u>-</u>	<u>(589,136)</u>	<u>104,534</u>	<u>(12,636)</u>	<u>-</u>	<u>-</u>	<u>91,898</u>
Change in Permanently Restricted Net Assets:										
Support and revenue:										
Contributions	-	-	-	-	-	25	-	-	-	25
Change in permanently restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>
Change in Net Assets	<u>(568,045)</u>	<u>414</u>	<u>(11,791)</u>	<u>-</u>	<u>(579,422)</u>	<u>(183,341)</u>	<u>(91,360)</u>	<u>78,525</u>	<u>-</u>	<u>(196,176)</u>
Net Assets, Beginning of Year:										
As previously stated	11,650,993	764,356	283,103	-	12,698,452	11,246,032	855,716	204,578	-	12,306,326
Change in accounting policy (Note 12)	-	-	-	-	-	588,302	-	-	-	588,302
As restated	<u>11,650,993</u>	<u>764,356</u>	<u>283,103</u>	<u>-</u>	<u>12,698,452</u>	<u>11,834,334</u>	<u>855,716</u>	<u>204,578</u>	<u>-</u>	<u>12,894,628</u>
Net Assets, End of Year	<u>\$ 11,082,948</u>	<u>\$ 764,770</u>	<u>\$ 271,312</u>	<u>\$ -</u>	<u>\$ 12,119,030</u>	<u>\$ 11,650,993</u>	<u>\$ 764,356</u>	<u>\$ 283,103</u>	<u>\$ -</u>	<u>\$ 12,698,452</u>