

CROSSBRIDGE, INC.

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

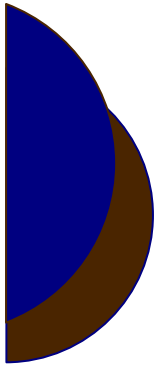
YEAR ENDED MAY 31, 2015

CROSSBRIDGE, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED MAY 31, 2015

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## BROWN & MAGUIRE CPAS, PLLC

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
CrossBridge, Inc.

We have audited the accompanying financial statements of CrossBridge, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of May 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2015, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC  
July 22, 2015

CROSSBRIDGE, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF MAY 31, 2015

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ASSETS

**Current Assets:**

Cash – operating	\$ 48,517
Cash – internally restricted by Board resolution	30,004
Deposit	<u>1,200</u>
Total current assets	<u>79,721</u>

**Vehicles:**

Vehicles	59,713
Less: accumulated depreciation	<u>(27,850)</u>
Total vehicles, net	<u>31,863</u>

Total assets	<u><u>\$ 111,584</u></u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	\$ 2,931
Accrued expenses	3,335
Deposits payable	<u>3,685</u>
Total current liabilities	<u>9,951</u>

**Net Assets:**

Unrestricted	66,111
Temporarily restricted	<u>35,522</u>
Total net assets	<u>101,633</u>

Total liabilities and net assets	<u><u>\$ 111,584</u></u>
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The accompanying notes are an integral part of these financial statements.

CROSSBRIDGE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue:</b>			
Restoration House .....	\$ 301,115	\$ -	\$ 301,115
Catering .....	62,618	-	62,618
Grant.....	21,830	12,000	33,830
Contributions.....	38,516	2,500	41,016
Special events, net of direct costs of \$6,105 .....	35,887	39,576	75,463
Net assets released from restrictions .....	48,642	(48,642)	-
Total support and revenue.....	<u>508,608</u>	<u>5,434</u>	<u>514,042</u>
<b>Expenses:</b>			
Program services .....	386,172	-	386,172
Management and general .....	70,172	-	70,172
Fundraising.....	17,543	-	17,543
Total expenses.....	<u>473,887</u>	<u>-</u>	<u>473,887</u>
Change in net assets.....	34,721	5,434	40,155
Net assets at beginning of year.....	31,390	30,088	61,478
Net assets at end of year .....	<u>\$ 66,111</u>	<u>\$ 35,522</u>	<u>\$ 101,633</u>

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

CROSSBRIDGE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2015

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ 176	\$ 44	\$ 220
Appliances	4,897	-	-	4,897
Appreciation	125	1,244	311	1,680
Auto expenses	16,306	457	114	16,877
Background checks	670	-	-	670
Communications	16,817	1,324	331	18,472
Cooking supplies	13,003	-	-	13,003
Curriculum	456	-	-	456
Depreciation	7,944	-	-	7,944
Drug testing	4,727	-	-	4,727
Fire suppression	618	-	-	618
Furnishings	6,783	-	-	6,783
General assistance	-	2,520	630	3,150
Hospitality	-	479	120	599
Housing	14,274	-	-	14,274
Insurance	-	1,427	356	1,783
Licenses	300	-	-	300
Maintenance	802	-	-	802
Meals	6,378	-	-	6,378
Miscellaneous	865	640	161	1,666
Mowing	76	-	-	76
Office equipment	140	-	-	140
Office supplies	-	2,134	533	2,667
Other fees	14	5,454	1,364	6,832
Payroll	106,537	48,612	12,153	167,302
Payroll taxes	8,228	3,678	920	12,826
Pest control	5,272	-	-	5,272
Postage	-	457	114	571
Professional fees	-	1,200	300	1,500
Rent	113,560	-	-	113,560
Security	1,954	-	-	1,954
Supplies	5,287	370	92	5,749
Trash	1,094	-	-	1,094
Travel	800	-	-	800
Utilities	48,245	-	-	48,245
Total expenses	<u>\$ 386,172</u>	<u>\$ 70,172</u>	<u>\$ 17,543</u>	<u>\$ 473,887</u>

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

CROSSBRIDGE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2015

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**Cash flows from operating activities:**

Increase in net assets	\$ 40,155
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,944
Decrease in accounts payable and accrued expenses	(3,367)
Increase in deposits payable	<u>3,685</u>
Net cash provided by operating activities	<u>48,417</u>

**Cash flows from investing activities:**

Purchase of a vehicle	<u>(24,633)</u>
Net cash used in investing activities	<u>(24,633)</u>

**Cash flows from financing activities:**

Net cash provided by (used in) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	23,784
Cash and cash equivalents, at beginning of the period	<u>54,737</u>
Cash and cash equivalents, at end of the period	<u>\$ 78,521</u>

<b>Cash paid for interest</b>	<u>\$ -</u>
<b>Cash paid for taxes</b>	<u>\$ -</u>

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

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2015

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**1. Description of the Organization and Summary of Significant Accounting Policies**

CrossBridge, Inc. (the “Organization”) serves a Nashville, Tennessee community struggling with the devastating effects of generational poverty. Drugs, prostitution and violent crime make the Organization’s south Nashville service area a toxic neighborhood of single-parent households, whose children encounter real dangers in and out of their homes on a continual basis. The Organization was created to break this destructive cycle with effective, real-world solutions via programs such as Restoration House and KidPower.

Restoration House provides recovery housing, healthy boundaries and integrated programming for adults trapped in the bondage of addiction. KidPower is designed to give at-risk children the tools needed to avoid that bondage altogether. The Organization’s goal is to help them remain drug-free, learn healthy conflict resolution skills, delay parenthood until marriage, graduate from high school, earn a post secondary degree and become servant leaders giving back to their community.

*Basis of Presentation*

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

*Fair Values of Financial Instruments*

Financial instruments of the Organization include cash, short-term program accounts receivable, and program accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying financial statement of financial position.

*Contributions and Support*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2015

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*Property and Depreciation*

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated lives of the respective assets. Vehicles are depreciated over seven years.

*Financial Statement Presentation*

Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At May 31, 2015, the Organization had no permanently restricted net assets.

*Donated Materials and Services*

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in tutoring, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

*Income Taxes*

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of May 31, 2015, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

*Program and Supporting Services*

The following program and supporting services were included in the accompanying financial statements.

**Program Services**—Includes activities carried out to fulfill the Organization's goals as they related to Restoration House and KidPower.

**Management and General**—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2015

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associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

**Fundraising**—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

*Allocation of Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

*Advertising Costs*

Advertising costs are expensed as incurred. Advertising costs for the year ended May 31, 2015 were \$220.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**2. Temporarily Restricted Net Assets**

Changes in temporarily restricted net assets for the year ended May 31, 2015 were as follows:

	<b>Beginning of Year</b>	<b>Restricted Contributions</b>	<b>Released from Restriction</b>	<b>End of Year</b>
Annual Fundraiser...	\$ 30,088	\$ 39,576	\$ (35,498)	\$ 34,166
Program Services ....	-	14,500	(13,144)	1,356
	<u>\$ 30,088</u>	<u>\$ 54,076</u>	<u>\$ (48,642)</u>	<u>\$ 35,522</u>

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a reserve for program services. As of May 31, 2015, the program reserve was \$30,004. The Board of Directors reserves the right to assign amounts as needed.

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2015

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**3. Operating Lease Commitments**

The Organization leases certain two group homes under non-cancelable operating lease. Future minimum lease commitments under this lease agreement are as follows:

2016 .....	\$ 45,400
2017 .....	-
2018 .....	-
2019 .....	-
2020 .....	-
Thereafter .....	-
	<u>\$ 45,400</u>

All other group homes leased by the Organization as of May 31, 2015 were on a month-to-month term.

**4. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after May 31, 2015, through July 22, 2015, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the May 31, 2015 financial statements.

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