CROSSBRIDGE, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED MAY 31, 2021

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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, 2021, 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, 2021, 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
October 22, 2021

CROSSBRIDGE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MAY 31, 2021

ASSETS

Current Assets:	
Cash – operating	$ 330,756
Cash – internally restricted by Board resolution	1,230,215
Grant receivables	41,311
Deposits and other current assets	6,715
Total current assets	1,608,997
Property and Vehicles:	
Land	282,575
Building	213,868
Vehicles	154,348
Construction in progress	3,284,556
Less: accumulated depreciation	(99,992)
Total property and vehicles, net	3,835,355
Total assets	$ 5,444,352

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	$ 234,584
Second PPP loan	91,100
Deposits payable	190
Total current liabilities	325,874
Construction loan	2,544,230
Total liabilities	2,870,104
Net Assets:	
Without donor restrictions	2,435,727
With donor restrictions	138,521
Total net assets	2,574,248
Total liabilities and net assets	$ 5,444,352

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

CROSSBRIDGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Building funds	$ 1,406,742	$ -	$ 1,406,742
Restoration House	294,571	-	294,571
Special events, net of direct costs of $2,362	144,569	96,234	240,803
Grants	125,481	40,000	165,481
First PPP loan forgiveness	91,100	-	91,100
Contributions	70,198	-	70,198
Catering	4,300	-	4,300
Interest income	1,018	-	1,018
Net assets released from restrictions	78,384	(78,384)	-
Total support and revenue	2,216,363	57,850	2,274,213
Expenses:			
Program services	519,491	-	519,491
Management and general	172,013	-	172,013
Fundraising	43,526	-	43,526
Total expenses	735,030	-	735,030
Change in net assets	1,481,333	57,850	1,539,183
Net assets at beginning of year	954,394	80,671	1,035,065
Net assets at end of year	$ 2,435,727	$ 138,521	$ 2,574,248

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

CROSSBRIDGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2021

		Supporting Services		
	Program Services	**Management and General**	**Fundraising**	**Total**
Staff	$ 251,532	$ 134,267	$ 34,089	$ 419,888
Building	174,020	-	-	174,020
Insurance	14,010	11,208	2,802	28,020
Depreciation	25,673	-	-	25,673
Communications	21,611	1,718	430	23,759
Program	11,559	9,248	2,312	23,119
Office	11,240	8,553	2,138	21,931
Other	3,728	2,982	745	7,455
Vehicle	1,918	1,534	384	3,836
Professional	1,600	1,280	320	3,200
Assistance	1,056	845	211	2,112
Advertising	585	378	95	1,058
Catering	959	-	-	959
Total expenses	$ 519,491	$ 172,013	$ 43,526	$ 735,030

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

CROSSBRIDGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021

Cash flows from operating activities:	
Increase in net assets	$ 1,539,183
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,673
Increase in grant receivables	(34,661)
Increase in deposits and other current assets	(1,023)
Increase in accounts payable	234,584
Decrease in deposits payable	(846)
Net cash provided by operating activities	1,762,910
Cash flows from investing activities:	
Investment in construction in progress	(2,809,622)
Purchase of a vehicle	(20,200)
Net cash used in investing activities	(2,829,822)
Cash flows from financing activities:	
Proceeds from second PPP loan	91,100
Forgiveness of first PPP loan	(91,100)
Borrowings under construction loan, net of repayments	2,106,534
Net cash provided by financing activities	2,106,534
Net increase in cash and cash equivalents	1,039,622
Cash and cash equivalents, at beginning of the period	521,349
Cash and cash equivalents, at end of the period	$ 1,560,971
Cash paid for interest	$ -
Cash paid for taxes	$ -
Supplemental noncash activities:	
Forgiveness of first PPP loan	$ 91,100

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

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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

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, 2021, 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 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 as program, management or fundraising in the statement of functional expenses. Additionally, the statement of activities and functional expense reports certain expenses as being attributable to program, management and fundraising functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended May 31, 2021 were $1,058.

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. Construction In Progress / Construction Loan

During April 2020 the Organization officially broke ground on the construction of 50 affordable housing units at 35 Lindsley Avenue in Nashville, TN (the "Lindsley Building"). The construction project is expected to take approximately one year to complete. The total cost incurred as of May 31, 2021 was $3,284,556 and has been capitalized in the accompanying state of financial position as construction in progress.

The Organization has received two grants to assist with the construction cost of the Lindsley Building. The Organization was notified of a $500,000 grant in May 2020 from the State of Tennessee, Tennessee Housing Development Agency ("THDA") to cover certain cost incurred between June 1, 2020 and May 31, 2023 related to the construction of the Lindsley Building. Additionally, the Organization was notified in June 2019 of a $1,800,000 grant from the Metropolitan Government of Nashville and Davidson County ("Metro") to cover certain cost related to the construction of the Lindsley Building incurred within 24 months from the execution date of the agreement with Metro.

Both the THDA and Metro grants have specific requirements and guidelines that must be met before funds are available under the grants. As of May 31, 2021, the Organization has requested and received funding of $1,375,000 under the terms of the THDA and Metro grants, collectively.

In addition to being awarded the THDA and Metro grants, the Organization obtained a construction loan with Regions Bank in August 2019 to cover any additional cost related to the Lindsley Building (the "Construction Loan"). Under the terms of the Construction Loan, the Organization can borrow up to $2,646,000 but not to exceed 50% of the loan to value of the Lindsley Building. The Construction Loan is secured by the land and building related to the Lindsley Building. On or before August 2022, the Construction Loan must be converted to a term loan with monthly installment payments of principal and interest to be paid over 240 months. Upon conversion of the Construction Loan, the maturity date of the new term loan will be 60 months from the conversion date. Interest on the Construction Loan is prime minus 4%. As of May 31, 2021 the interest rate on the Construction Loan was zero. As of May 31, 2021, $2,544,230 was outstanding under the Construction Loan.

3. PPP Loan

On April 22, 2020, the Organization was granted a loan (the "First Loan") from Regions Bank. in the aggregate amount of $91,100, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note entered into in April 2020 issued to the Organization, matured in April 2022 and bore interest at a rate of 1% per annum, payable monthly commencing in November 2020. The Loan could have been prepaid by the Organization at any time prior to maturity with no prepayment penalties. Proceeds from the First Loan were available to be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In December 2020, the Organization was granted forgiveness on the entire amount of the First Loan. The First Loan forgiveness was reflected in the Organization's Statement of Activities for the year ended May 31, 2021.

In March 2021, the Organization was granted a Second Draw PPP Loan (the "Second Loan"), in the aggregate amount of $91,100, with the same general terms as the First Loan. The Second Loan matured in March 2023 and bore interest at a rate of 1% per annum, payable monthly commencing November 2021. Like the First Loan, the full amount of the Second Loan was forgiven in August 2021, which was subsequent to year end. The Second Loan forgiveness will be reflected in the Organization's Statement of Activities for the year ended May 31, 2022.

4. Long-Term Debt

As of May 31, 2021 long-term debt obligations consisted of the following:

Construction loan, see terms in Note 2	**$ 2,544,230**
Second PPP loan, see terms in Note 3	**91,100**
	2,635,330
Less: current portion..........................	**(91,100)**
Long-term debt.................................	**$ 2,544,230**

Future maturities of long-term debt obligations are as follows for the years ending May 31:

2022	**$ 91,100**
2023	**-**
2024	**-**
2025	**-**
2026	**-**
Thereafter..	**2,544,230**
	2,635,330
Current portion of long-term debt......	**(91,100)**
Long-term debt	**$ 2,544,230**

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended May 31, 2021 were as follows:

	Beginning of Year	**Contributions With Donor Restrictions**	**Released Contributions with Donor Restrictions**	**End of Year**
Annual Fundraiser...	**$ 45,684**	**$ 96,234**	**$ (45,684)**	**$ 96,234**
Program Services.....	**34,987**	**40,000**	**(32,700)**	**42,287**
	$ 80,671	**$ 136,234**	**$ (78,384)**	**$ 138,521**

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a reserve for program services, including the construction of a building. As of May 31, 2021, the program reserve was $1,230,215. The Board of Directors reserves the right to assign amounts as needed.

6. Operating Lease Commitments

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

2022	**$ 8,500**
2023	**-**
2024	**-**
2025	**-**
2026	**-**
Thereafter	**-**
	$ 8,500

All other group homes leased by the Organization as of May 31, 2021 were on a month-to-month term.

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of May 31, 2021, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets	**$ 1,560,971**
Financial assets available to meet cash needs for general expenditures within one year	**$ 330,756**

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

8. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update ("ASU") supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

9. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in restrictions on the operations of businesses and has directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

10. Subsequent Events

The Organization has evaluated all events or transactions that occurred after May 31, 2021, through October 22, 2021, 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, 2021 financial statements.

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