

CROSSBRIDGE, INC.

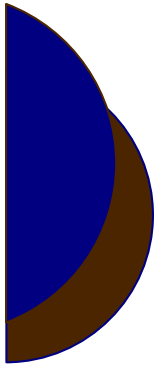
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED MAY 31, 2016

CROSSBRIDGE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED MAY 31, 2016

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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, 2016, 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, 2016, 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 28, 2016

CROSSBRIDGE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MAY 31, 2016

ASSETS

Current Assets:

Cash – operating	\$ 105,928
Cash – internally restricted by Board resolution	57,640
Deposits	<u>1,800</u>
Total current assets	<u>165,368</u>

Vehicles:

Vehicles	72,213
Less: accumulated depreciation	<u>(36,530)</u>
Total vehicles, net	<u>35,683</u>

Total assets	<u><u>\$ 201,051</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 1,887
Deposits payable	<u>4,121</u>
Total current liabilities	<u>6,008</u>

Net Assets:

Unrestricted	123,989
Temporarily restricted	<u>71,054</u>
Total net assets	<u>195,043</u>

Total liabilities and net assets	<u><u>\$ 201,051</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Restoration House	\$ 349,489	\$ -	\$ 349,489
Catering	138,275	-	138,275
Grant.....	95,680	48,800	144,480
Contributions.....	32,106	8,994	41,100
Special events, net of direct costs of \$5,137	80,505	4,311	84,816
Net assets released from restrictions	26,573	(26,573)	-
Total support and revenue.....	<u>722,628</u>	<u>35,532</u>	<u>758,160</u>
Expenses:			
Program services	582,284	-	582,284
Management and general	65,973	-	65,973
Fundraising.....	16,493	-	16,493
Total expenses.....	<u>664,750</u>	<u>-</u>	<u>664,750</u>
Change in net assets.....	57,878	35,532	93,410
Net assets at beginning of year.....	66,111	35,522	101,633
Net assets at end of year	<u>\$ 123,989</u>	<u>\$ 71,054</u>	<u>\$ 195,043</u>

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

CROSSBRIDGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2016

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ 96	\$ 24	\$ 120
Appliances	5,641	-	-	5,641
Appreciation	100	467	117	684
Auto expenses	8,574	7,057	1,764	17,395
Background checks	1,039	-	-	1,039
Communications	19,422	2,385	596	22,403
Cooking supplies	27,359	-	-	27,359
Curriculum	724	-	-	724
Depreciation	8,680	-	-	8,680
Drug testing	5,547	-	-	5,547
Equipment	3,578	-	-	3,578
Fire suppression	618	-	-	618
Furnishings	11,673	-	-	11,673
General assistance	12,000	2,502	626	15,128
Housing	21,974	-	-	21,974
Insurance	673	11,636	2,908	15,217
Labor	230,597	18,097	4,525	253,219
Licenses	4,952	4,090	1,023	10,065
Linen rental	1,229	-	-	1,229
Maintenance	2,753	-	-	2,753
Meals	9,189	-	-	9,189
Merchant fees	578	-	-	578
Miscellaneous	736	4,641	1,160	6,537
Mowing	450	-	-	450
Payroll taxes	12,771	4,037	1,009	17,817
Pest control	5,070	-	-	5,070
Postage	-	409	102	511
Professional fees	-	2,400	600	3,000
Rent	128,300	3,080	770	132,150
Security	2,250	-	-	2,250
Supplies	8,113	5,076	1,269	14,458
Trash	886	-	-	886
Utilities	46,808	-	-	46,808
Total expenses	<u>\$ 582,284</u>	<u>\$ 65,973</u>	<u>\$ 16,493</u>	<u>\$ 664,750</u>

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

CROSSBRIDGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2016

Cash flows from operating activities:

Increase in net assets	\$ 93,410
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,680
Increase in deposits	(600)
Decrease in accounts payable and accrued expenses	(4,379)
Increase in deposits payable	<u>436</u>
Net cash provided by operating activities	<u>97,547</u>

Cash flows from investing activities:

Purchase of a vehicle	<u>(12,500)</u>
Net cash used in investing activities	<u>(12,500)</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	85,047
Cash and cash equivalents, at beginning of the period	<u>78,521</u>
Cash and cash equivalents, at end of the period	<u>\$ 163,568</u>

Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<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, 2016

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, 2016

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, 2016, 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, 2016, 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, 2016

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, 2016 were \$120.

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, 2016 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Annual Fundraiser...	\$ 34,166	\$ 15,923	\$ (9,187)	\$ 40,902
Program Services	1,356	46,182	(17,386)	30,152
	<u>\$ 35,522</u>	<u>\$ 62,105</u>	<u>\$ (26,573)</u>	<u>\$ 71,054</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, 2016, the program reserve was \$57,640. 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, 2016

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:

2017	\$ 39,400
2018	10,000
2019	-
2020	-
2021	-
Thereafter.....	-
	<u>\$ 49,400</u>

All other group homes leased by the Organization as of May 31, 2016 were on a month-to-month term.

4. Subsequent Events

The Organization has evaluated all events or transactions that occurred after May 31, 2016, through July 28, 2016, 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, 2016 financial statements.
