

CROSSBRIDGE, INC.

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED MAY 31, 2023

CROSSBRIDGE, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED MAY 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
CrossBridge, Inc.  
Nashville, TN

### **Opinion**

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, 2023 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC

July 31, 2023

CROSSBRIDGE, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF MAY 31, 2023

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ASSETS

**Current Assets:**

Cash – operating	\$ 501,934
Cash – internally restricted by Board resolution	1,607,670
Grant receivables	39,389
Deposits and other current assets	<u>6,551</u>
Total current assets	<u>2,155,544</u>

**Property and Vehicles:**

Land	317,263
Building	5,675,449
Furniture & equipment	484,503
Vehicles	154,348
Construction in progress	172,204
Less: accumulated depreciation	<u>(407,129)</u>
Total property and vehicles, net	<u>6,396,638</u>

Total assets	<u><u>\$ 8,552,182</u></u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	<u>\$ 7,114</u>
Total current liabilities	<u>7,114</u>
Total liabilities	<u>7,114</u>

**Net Assets:**

Without donor restrictions	8,427,957
With donor restrictions	<u>117,111</u>
Total net assets	<u>8,545,068</u>

Total liabilities and net assets	<u><u>\$ 8,552,182</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, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue:</b>			
Building funds .....	\$ 581,444	\$ -	\$ 581,444
Restoration House .....	362,339	-	362,339
Special events, net of direct costs of \$2,781 .....	-	260,780	260,780
Grants .....	558,372	42,500	600,872
Contributions .....	36,429	3,411	39,840
Catering .....	89,403	-	89,403
Interest income .....	42,758	-	42,758
Net assets released from restrictions .....	342,640	(342,640)	-
Total support and revenue .....	<u>2,013,385</u>	<u>(35,949)</u>	<u>1,977,436</u>
<b>Expenses:</b>			
Program services .....	1,045,502	-	1,045,502
Management and general .....	290,251	-	290,251
Fundraising .....	72,563	-	72,563
Total expenses .....	<u>1,408,316</u>	<u>-</u>	<u>1,408,316</u>
Change in net assets .....	605,069	(35,949)	569,120
Net assets at beginning of year .....	<u>7,822,888</u>	<u>153,060</u>	<u>7,975,948</u>
Net assets at end of year .....	<u><u>\$ 8,427,957</u></u>	<u><u>\$ 117,111</u></u>	<u><u>\$ 8,545,068</u></u>

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

CROSSBRIDGE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2023

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		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Staff	\$ 449,170	\$ 173,326	\$ 43,331	\$ 665,827
Depreciation	244,751	-	-	244,751
Building	201,468	-	-	201,468
Other	664	57,915	14,479	73,058
Program	54,874	11,084	2,771	68,729
Insurance	20,684	16,547	4,137	41,368
Assistance	7,558	21,442	5,360	34,360
Communications	27,946	3,199	800	31,945
Vehicle	16,506	6,738	1,685	24,929
Catering	21,881	-	-	21,881
Total expenses	<u>\$1,045,502</u>	<u>\$ 290,251</u>	<u>\$ 72,563</u>	<u>\$1,408,316</u>

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

CROSSBRIDGE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2023

<b>Cash flows from operating activities:</b>	
Increase in net assets	\$ 569,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	244,751
Decrease in grant receivables	46,814
Increase in deposits and other current assets	(21)
Decrease in accounts payable	<u>(169,992)</u>
Net cash provided by operating activities	<u>690,672</u>
<b>Cash flows from investing activities:</b>	
Investment in buildings and equipment	<u>(158,304)</u>
Net cash used in investing activities	<u>(158,304)</u>
<b>Cash flows from financing activities:</b>	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	532,368
Cash and cash equivalents, at beginning of the period	<u>1,577,236</u>
Cash and cash equivalents, at end of the period	<u>\$ 2,109,604</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, 2023

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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 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.

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2023

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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*

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, 2023, 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.

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2023

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**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, 2023 were \$6,530.

*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. Net Assets With Donor Restrictions**

Changes in net assets with donor restrictions for the year ended May 31, 2023 were as follows:

	<b>Beginning of Year</b>	<b>Contributions With Donor Restrictions</b>	<b>Released Contributions with Donor Restrictions</b>	<b>End of Year</b>
Annual Fundraiser ...	\$ 137,186	\$ 263,562	\$ (306,510)	\$ 94,238
Program Services.....	15,874	45,911	(38,912)	22,873
	<u>\$ 153,060</u>	<u>\$ 309,473</u>	<u>\$ (345,422)</u>	<u>\$ 117,111</u>

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a reserve for program services, including improvements to the Organization's buildings. As of May 31, 2023, the program reserve was \$1,607,670. 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, 2023

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### 3. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of May 31, 2023, 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:	
Cash assets.....	\$ 2,109,604
Grants receivable assets.....	39,389
Total financial assets .....	<u>2,148,993</u>
Less: Amounts reserved for direct assistance or by Board resolution...	<u>(1,724,781)</u>
Financial assets available to meet cash needs for general expenditures within one year .....	<u>\$ 424,212</u>

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.

### 4. 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 was effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of the new standard did not have an impact on the Organization's financial statements.

### 5. 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 a significant change in the operation of many businesses, including the potential to directly impact operations of the Organization.

CROSSBRIDGE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MAY 31, 2023

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**6. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after May 31, 2023, through July 31, 2023, 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, 2023 financial statements.

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