

CROSSROADS HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2016

CROSSROADS HOUSE

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Crossroads House
Batavia, NY 14020

We have reviewed the accompanying financial statements of Crossroads House (a nonprofit organization,) which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

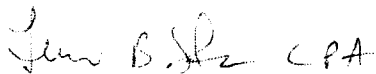
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based upon our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

 CPA

LeRoy, New York

January 25, 2018

CROSSROADS HOUSE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ 173,940
Prepaid expense	<u>10,187</u>
Total current assets	184,127
Property and equipment:	
Leasehold improvements	145,223
Furniture and fixtures	6,011
Equipment	70,736
Less: accumulated depreciation	<u>(105,493)</u>
Total property and equipment, net	116,477
Other assets:	
Long term investments	366,150
Cash value of life insurance	<u>53,979</u>
Total other assets	<u>420,129</u>
Total assets	\$ <u>720,733</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 1,901
Accrued payroll	3,377
Credit card payable	1,154
Deferred revenue	<u>500</u>
Total liabilities	6,932
Net assets:	
Net assets without donor restrictions	322,763
Board designated endowment fund	<u>389,296</u>
Total net assets without donor restrictions	712,059
Net assets with donor restrictions	<u>1,742</u>
Total net assets	<u>713,801</u>
Total liabilities and net assets	\$ <u>720,733</u>

See Independent Accountants' Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u> <u>2016</u>
Support and revenue:			
Support:			
Contributions and grants	\$ 251,569	\$ 859	\$ 252,428
Fundraising	111,890	-	111,890
Less: direct benefit to donor	(2,864)	-	(2,864)
Net assets released from restrictions	4,008	(4,008)	-
Revenue:			
Interest and dividends	12,531	-	12,531
Realized gain (loss) on investments	8	-	8
Unrealized gain (loss) on investments	<u>9,676</u>	<u>-</u>	<u>9,676</u>
Total support and revenue	386,818	(3,149)	383,669
Expenses:			
Program services	138,135	-	138,135
Management and general	86,649	-	86,649
Fundraising	<u>55,258</u>	<u>-</u>	<u>55,258</u>
Total expenses	<u>280,042</u>	<u>-</u>	<u>280,042</u>
Change in net assets	106,776	(3,149)	103,627
Net assets – beginning of year	<u>605,283</u>	<u>4,891</u>	<u>610,174</u>
Net assets – end of year	\$ <u>712,059</u>	\$ <u>1,742</u>	\$ <u>713,801</u>

See Independent Accountants' Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and professional	\$ -	\$ 3,546	\$ -	\$ 3,546
Bank charges	-	10	-	10
Contract services	1,200	-	-	1,200
Credit card fees	-	773	-	773
Depreciation	13,712	-	-	13,712
Employee benefits	-	2,841	3,971	6,812
Insurance	8,440	5,280	1,553	15,273
Internet and website	-	1,752	-	1,752
Investment fees	-	3,531	-	3,531
Maintenance and repairs	9,627	-	-	9,627
Membership and dues	430	-	-	430
Office supplies and expenses	-	7,069	-	7,069
Other expenses	238	425	-	663
Payroll taxes	7,045	4,043	2,397	13,485
Printing and postage	-	3,367	1,953	5,320
Promotional material	-	-	2,576	2,576
Rent	12	1,620	-	1,632
Salaries and wages	86,555	49,670	29,456	165,681
Supplies and food	2,377	-	13,352	15,729
Telephone	-	972	-	972
Training and development	-	1,092	-	1,092
Travel and meetings	-	658	-	658
Utilities	4,556	-	-	4,556
Volunteer expense	3,943	-	-	3,943
Total	<u>\$ 138,135</u>	<u>\$ 86,649</u>	<u>\$ 55,258</u>	<u>\$ 280,042</u>

See Independent Accountants' Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 103,627
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,712
Net unrealized gain on investments	(9,676)
Net realized gain on investments	(8)
(Increase) decrease in:	
Prepaid expenses	(3,119)
Cash value life insurance	-
Increase (decrease) in:	
Accounts payable	105
Accrued payroll	377
Credit card payable	1,154
Deferred revenue	<u>500</u>
Total adjustments	<u>3,045</u>
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	<u>106,672</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(6,638)
Proceeds from sale of investments	3,463
Purchase of investments	<u>(86,731)</u>
CASH FLOW USED BY INVESTING ACTIVITIES	<u>(89,906)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,766
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>157,174</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ <u><u>173,940</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

NONCASH INVESTING AND FINANCING ACTIVITIES:

Gifts of materials and supplies	\$ 10,921
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See Independent Accountants' Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The governing body of Crossroads House (the Organization) located in Batavia, New York, is the Board of Directors. The scope of activities included within the accompanying financial statements are those transactions which comprise the Organization's operations, and are governed, or significantly influenced by the Board of Directors. The primary function of the Organization is to provide comfort care services to individuals that are terminally ill and their families.

Basis of Accounting

The Organization's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization follows ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* of the FASB. Under this standard, 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.

Without donor restriction net assets include revenues and expenses associated with the principal mission of the Organization. The board designated endowment fund is included in without donor restriction net assets as no restrictions have been placed upon this fund. With donor restriction net assets include contributions for which donor-imposed restrictions have not been met. The donor restrictions can either be expected to be maintained in perpetuity or expected to be spent over time or for a specific purpose.

Revenue Recognition

The Organization maintains its books and prepares its financial statements on the accrual basis of accounting whereby revenue is recognized as it is earned and expenses are recorded as they are incurred. Revenue not received is recorded as an accounts receivable whereas revenues received in advance is recorded as deferred revenue. Gifts, grants, bequests and enforceable pledges are recognized as revenue when contributed.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, all highly liquid financial instruments with an original maturity of three months or less are considered to be cash equivalents.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and cash equivalents consisted of the following at December 31, 2016:

Checking	\$ 72,867
Checking-with donor restrictions	1,742
Certificates of Deposit	76,185
Investment cash	<u>23,146</u>
Total	<u>\$ 173,940</u>

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods, restricted by the donor for a specific request or are to held in perpetuity are reported as with donor restrictions. When a restriction is satisfied, the with donor restrictions net assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the balance sheet. Fair value is 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. Unrealized gains and losses are included in the change in net assets. Investment income, gains, and losses from the sale or other disposition of investments are accounted for in accordance with specific donor restrictions. In the absence of such restrictions, investment income, gains and losses are accounted for as without donor restrictions.

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c) (3) of the Internal Revenue Code, and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made. The Organization files its Return of Organization Exempt from Income Tax in the U.S. federal jurisdiction and its annual filing of charitable organization in New York State.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Tax (continued)

Accounting standards require entities to disclose in their financial statements the nature of any uncertain tax positions. Tax years including the year ended December 31, 2014 and later are subject to examination by tax authorities. Areas that the IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

The Organization is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

Property and Equipment

Property and equipment is stated at cost and is being depreciated over the estimated useful lives of the respective assets using the straight-line method. Contributed fixed assets are recorded at fair market value at the date of donation and are depreciated using the same method. Depreciation expense for the year ended December 31, 2016 was \$13,712.

The cost of normal maintenance and repairs is charged to expense as incurred, whereas expenditures which materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

Accounting standards require that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization has no impairment for the year ended December 31, 2016.

Management Review

These financial statements have not been updated for subsequent events occurring after January 25, 2018 which is the date these financial statements were available to be issued.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets

The Organization classifies its net assets as follows:

- Without donor restrictions –the part of net assets of the Organization that are not subject to donor-imposed restrictions (the term “donors” includes other types of contributors, including makers of certain grants).
- With donor restrictions – the part of net assets of the Organization that are subject to donor-imposed restrictions. These restrictions are either in perpetuity, for a specific purpose or for a specific time period. These restrictions can either be satisfied by the passage of time or by actions of the Organization or may require that resources be maintained permanently. The Organization may be permitted to expend part or all of the income and/or appreciation derived from the donated assets that are held in perpetuity. The Organization records donor restrictions that are satisfied in the same reporting period in which they are received as without donor restrictions. As of December 31, 2016 the Organization had donor restriction net assets for a specific purpose in the amount of \$1,742.

Use of Estimates

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of supporting services and activities have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Operating Measure

The Organization's operating revenues in excess of expenses and transfers include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures.

NOTE 2- LIQUIDITY

Financial assets, at year end	\$ 540,090
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Less: Financial assets unavailable for general expenditures
within one year, due to:

Restricted by donor with purpose restrictions	(1,742)
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Board designations:

Endowment fund	<u>(389,296)</u>
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Financial assets available to meet cash needs for general expenditures within one year	\$ <u>149,052</u>
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The Organization is substantially supported by contributions, grants and fundraising throughout the year. These revenues support the expenditures of the Organization throughout the year. Occasionally, the Board designates a portion of its operating surplus to be deposited into certificates of deposits at local banks. These funds may be drawn upon in the event of financial distress or an immediate liquidity need. As of December 31, 2016 the Organization had \$76,185 in certificates of deposits at local banks.

NOTE 3 – BOARD DESIGNATED ENDOWMENT FUND

In 2003, the Board of Directors of the Organization established an endowment fund. The fund will receive all gifts, bequests, insurance policies, and any other contributions designated to be used for the endowment fund. In addition, the Organization will contribute 10% of any single undesignated contribution in excess of \$1,500 as well as any specific fundraising event with net proceeds over \$1,500.

The endowment fund is invested in a manner consistent with Board policies. The Organization's investment strategy is to achieve reasonable growth without being subjected to significant risk.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – BOARD DESIGNATED ENDOWMENT FUND (continued)

In accordance with the Board adopted endowment policies, the funds are to be accumulated until the balance of \$1,000,000 is achieved. At such time, the Organization will annually withdraw a maximum of 5% to be used for charitable purposes designated by the Board, provided that such withdrawal does not result in a balance less than corpus.

The following is a summary of the Organization's endowment fund as of December 31, 2016:

Board Designated Endowment Fund, January 1, 2016	\$ 273,198
Investment income	12,168
Net appreciation/(depreciation)	9,676
Contributions	97,785
Fees	<u>(3,531)</u>
Board Designated Endowment Fund, December 31, 2016	\$ <u>389,296</u>

NOTE 4 - INVESTMENTS

The Organization's investments consisted of the following at December 31, 2016:

	<u>Cost</u>	<u>Fair value</u>
Cash and Cash Equivalents	\$ 23,146	\$ 23,146
Mutual Funds	<u>363,464</u>	<u>366,150</u>
Totals	\$ <u>386,610</u>	\$ <u>389,296</u>

In accordance with Fair Value Measurements Topic of the FASB Accounting Standards Codification, investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. U.S. GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that the Organization has ability to access.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (Continued)

Level 2: Valuation is based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Valuation is based upon unobservable inputs that are significant to the fair value measurement.

Where quoted prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If the quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics or inputs other than quoted prices that are observable for the security, and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would be classified within Level 3 of the valuation hierarchy.

Following is a description of valuation methodologies used at December 31, 2016.

Money Market Funds-Valued at cost plus accrued interest, which approximates fair value. Money market funds are classified as Level 1 investments.

Mutual Funds – Valued at net asset value (NAV) of shares held at year-end. The NAV is the closing price reported on the active market on which the securities are traded.

All of the Organization's investments were valued based on Level 1 inputs as of December 31, 2016.

Cash and cash equivalent	\$	23,146
Mutual funds		
Equities		218,790
Fixed Income		<u>147,360</u>
Total Mutual Funds	\$	<u>366,150</u>
Total	\$	<u>389,296</u>

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – WITH DONOR RESTRICTIONS NET ASSETS

With donor restrictions net assets are available for the following purposes at December 31, 2016:

Equipment	\$ 799
Mileage	93
Volunteer expenses	<u>850</u>
Total	<u>\$ 1,742</u>

NOTE 6 -DONATED MATERIALS AND SERVICES

The Organization receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the year ended December 31, 2016, approximately 100 active volunteers provided 14,600 hours of service.

The Organization also receives donated goods and services that meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the year ended December 31, 2016, the Organization recognized \$10,921, consisting mainly of supplies and materials of in-kind donations.

The Organization leases its building from a local church. Under the terms of the lease, the annual rent expense is \$12 for a period of 5 years. The current lease will expire in January of 2018, at which point the Organization will have the option to renew.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Organization leases its building from a local church. The terms of the lease provide for monthly rental payments of \$1, for a period of five years expiring January 2018. The Organization has an option to renew for five years, under the present terms and conditions.

The Organization is obligated under a non-cancellable operating lease for a copier machine. The terms of the lease are monthly payments of \$135 for a period of 60 months, which expires March 30, 2019.

Total rent for the year ended December 31, 2017 amounted to \$1,632.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 -COMMITMENTS AND CONTINGENCIES (Continued)

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,632
2018	1,632
2019	417
2020	12
2021	<u>12</u>
Total	\$ <u>3,705</u>

NOTE 8- SUBSEQUENT EVENT

Subsequent events have been evaluated through January 25, 2018, which is the date the statements were available for issuance.