

CROSSROADS HOUSE
FINANCIAL STATEMENTS
DECEMBER 31, 2018

CROSSROADS HOUSE

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Crossroads House
Batavia, NY 14021

We have reviewed the accompanying financial statements of Crossroads House (a nonprofit Entity), which comprise the statement of financial position as of December 31, 2018, 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 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 control 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 AICPA. 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 on 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.



LeRoy, New York
September 9, 2019

CROSSROADS HOUSE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 133,942
Cash and cash equivalents-with donor restrictions	1,512
Prepaid expense	<u>11,812</u>
Total current assets	147,266

Property and equipment:

Leasehold improvements	145,223
Furniture and fixtures	6,011
Equipment	88,230
Less: accumulated depreciation	<u>(141,116)</u>
Total property and equipment, net	98,348

Other assets:

Beneficial interest in assets held by RACF	541,410
Cash value of life insurance	<u>55,253</u>
Total other assets	<u>596,663</u>

Total assets	\$ <u>842,277</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 828
Accrued payroll	4,863
Credit card payable	325
Deferred revenue	<u>2,453</u>
Total liabilities	8,469

Net assets:

Net assets without donor restrictions	290,886
Board designated endowment fund	<u>541,410</u>
Total net assets without donor restrictions	832,296
Net assets with donor restrictions	<u>1,512</u>
Total net assets	<u>833,808</u>

Total liabilities and net assets	\$ <u>842,277</u>
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See Independent Accountant's Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u> <u>2018</u>
Support and revenue:			
Support:			
Contributions and grants	\$ 146,559	\$ 6,112	\$ 152,671
Fundraising	161,801	-	161,801
Less: direct benefit to donor	(3,672)	-	(3,672)
Net assets released from restrictions	4,600	(4,600)	-
Revenue:			
Increase in cash surrender value	602	-	602
Interest and dividends	13,033	-	13,033
Program revenue	2,547	-	2,547
Realized gain on investments	61,557	-	61,557
Realized gain on beneficial interest	4,411	-	4,411
Unrealized gain (loss) on investments	(45,309)	-	(45,309)
Unrealized gain (loss) on beneficial interest	<u>(38,326)</u>	<u>-</u>	<u>(38,326)</u>
Total support and revenue	307,803	1,512	309,315
Expenses:			
Program services	160,004	-	160,004
Management and general	98,402	-	98,402
Fundraising	<u>63,008</u>	<u>-</u>	<u>63,008</u>
Total expenses	<u>321,414</u>	<u>-</u>	<u>321,414</u>
Change in net assets	(13,611)	1,512	(12,099)
Net assets – beginning of year	<u>845,907</u>	<u>-</u>	<u>845,907</u>
Net assets – end of year	\$ <u><u>832,296</u></u>	\$ <u><u>1,512</u></u>	\$ <u><u>833,808</u></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	Total
Accounting and professional	\$ -	\$ 5,970	\$ -	\$ 5,970
Bank charges	-	17	-	17
Credit card fees	-	1,055	-	1,055
Depreciation	18,902	-	-	18,902
Donation expense	-	500	-	500
Doula expenses	9,849	-	-	9,849
Employee benefits	-	3,127	3,157	6,284
Insurance	10,654	2,769	1,659	15,082
Internet and website	-	1,154	-	1,154
Investment fees	-	6,210	-	6,210
Maintenance and repairs	3,341	-	-	3,341
Membership and dues	-	1,550	-	1,550
Office supplies and expenses	-	3,433	-	3,433
Other expenses	-	410	-	410
Payroll processing fees	-	2,186	-	2,186
Payroll taxes	7,708	4,556	2,731	14,995
Printing and postage	-	4,631	-	4,631
Promotional material	-	-	1,475	1,475
Rent	12	1,616	-	1,628
Salaries and wages	97,521	57,647	34,548	189,716
Scholarship	-	250	-	250
Supplies and food	2,391	-	19,288	21,679
Telephone	1,851	780	150	2,781
Travel and meetings	-	541	-	541
Utilities	6,335	-	-	6,335
Volunteer expense	1,440	-	-	1,440
Total	<u>\$ 160,004</u>	<u>\$ 98,402</u>	<u>\$ 63,008</u>	<u>\$ 321,414</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (12,099)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	18,902
Net unrealized loss on beneficial interest	38,326
Net unrealized loss on investments	45,309
Net realized gain on investments	(61,557)
Net realized gain on beneficial interest	(4,411)
Cash value life insurance	(602)
(Increase) decrease in:	
Prepaid expenses	(2,740)
Increase (decrease) in:	
Accounts payable	313
Accrued payroll	2,267
Credit card payable	155
Deferred revenue	<u>2,453</u>
Total adjustments	<u>38,415</u>
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	<u>26,316</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	501,717
Purchase of beneficial interest in assets held by RACF	<u>(579,735)</u>
CASH FLOW USED BY INVESTING ACTIVITIES	<u>(78,018)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(51,702)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>187,156</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ <u><u>135,454</u></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

NONCASH INVESTING AND FINANCING ACTIVITIES:

Gifts of materials and supplies	\$ 5,432
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See Independent Accountant's Review Report and Notes to Financial Statements.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The governing body of Crossroads House (the Entity) 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 Entity's operations, and are governed, or significantly influenced by the Board of Directors. The primary function of the Entity is to provide comfort care services to individuals that are terminally ill and their families.

Basis of Accounting

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

Financial Statement Presentation

The Entity follows ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* of the FASB. Under this standard, the Entity 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 Entity. The board designated endowment fund is included in without donor restriction net assets as no restrictions have been placed upon this fund. The Entity does not have a policy placing a time restriction on gifts of long-lived assets. As a result, these long-lived assets would be included in without donor restriction net assets. 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 Entity 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.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

Cash and cash equivalents consisted of the following at December 31, 2018:

Checking	\$ 72,014
Checking-with donor restrictions	1,512
Certificates of Deposit	<u>61,928</u>
Total	<u>\$ 135,454</u>

Beneficial Interest in Assets Held at the Rochester Area Community Foundation

During the year ended December 31, 2018 the Entity moved their endowment investment account to the Rochester Area Community Foundation. The endowment investments are held with Rochester Area Community Foundation which is a nonprofit organization that provides a vehicle for individuals, families, and organizations to invest in the Rochester Area Communities through gifts and bequests. Each participating institution is allocated investment units based on the amounts invested. The market value of the investment units is based on the value of the individual securities held by each fund. The Entity's beneficial interest in assets held at the foundation at December 31, 2018 amounted to \$ 541,410. Unrealized gains and losses are included in the change in net assets. Investment income, gains, and losses from the sale or other disposition of beneficial interest in assets held at the Rochester Area Community Foundation 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. As of December 31, 2018, there were no restricted funds in the beneficial interest in assets held at the Rochester Area Community Foundation. The Entity's policy is to recognize all investment income and expenses in operations as a result.

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 be held in perpetuity are

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions (continued)

reported as with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Income Taxes

The Internal Revenue Service has determined that the Entity is qualified as a charity exempt under Section 501(c) (3) of the Internal Revenue Code and has also determined that the Entity is publicly supported. As a result, no provision for federal or state income taxes has been made. The Entity 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.

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, 2015 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 Entity 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 Entity 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.

Management Review

These financial statements have not been updated for subsequent events occurring after September 9, 2019 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)

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, 2018 was \$18,902. 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 Entity has no impairment for the year ended December 31, 2018.

Net Assets

The Entity classifies its net assets as follows:

- Without donor restrictions – the part of net assets of the Entity 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 Entity 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 Entity or may require that resources be maintained permanently. The Entity 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 Entity records donor restrictions that are satisfied in the same reporting period in which they are received as without donor restrictions. As of December 31, 2018, the Entity had donor restriction net assets for a specific purpose in the amount of \$ 1,512.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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.

Operating Measure

The Entity'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	\$ 676,864
Less: Financial assets unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	(1,512)
Beneficial interest in assets held at the RACF	<u>(541,410)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>133,942</u>

The Entity is substantially supported by contributions, grants and fundraising throughout the year. These revenues support the expenditures of the Entity throughout the year.

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 2-LIQUIDITY (Continued)

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, 2018, the Entity had \$61,928 in certificates of deposits at local banks.

NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD AT THE ROCHESTER AREA COMMUNITY FOUNDATION

In 2003, the Board of Directors of the Entity 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 Entity 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.

In accordance with the Board adopted endowment policies, the funds are to be accumulated until the balance of \$ 500,000 is achieved. At such time, the Entity 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 an existing balance of less than the pre-defined corpus of \$ 500,000.

During the year ended December 31, 2018 the board designated endowment fund was moved to the Rochester Area Community Foundation. The fund is now a beneficial interest in assets held at the Rochester Area Community Foundation. Please see Note 1.

The Entity's beneficial interest in assets at the Rochester Area Community Foundation as of December 31, 2018:

	<u>Cost</u>	<u>Fair value</u>
Beneficial interest in assets held at the RACF	\$ 579,735	\$541,410

NOTE 4- FAIR VALUE MEASUREMENT

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

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 4-FAIR VALUE MEASUREMENT (Continued)

(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 Entity has ability to access.

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.

The beneficial interest in assets held at the Rochester Area Community Foundation are classified as level 3 in the fair value hierarchy. The following sets forth a summary of changes in the fair value of the Entity' level 3 assets for the year ended December 31, 2018:

Balance at January 1, 2018	\$ 538,801
Investment income	79,001
Net appreciation/(depreciation)	(83,635)
Contributions	13,453
Fees	<u>(6,210)</u>
Balance at December 31, 2018	\$ <u>541,410</u>

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 -DONATED MATERIALS AND SERVICES

The Entity 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, 2018, approximately 100 active volunteers provided 14,600 hours of service.

The Entity 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, 2018, the Entity recognized \$ 5,432, consisting mainly of supplies and materials of in-kind donations.

The Entity 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 expired in January of 2018, at which point the Entity had the option to renew. As of September 9, 2019, the lease has not been renewed.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Entity 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 Entity has an option to renew for five years, under the present terms and conditions. As of September 9, 2019, the lease has not been renewed.

The Entity is obligated under a non-cancellable operating lease for a copier machine. The terms of the lease are monthly payments of \$134.68 for a period of 60 months, which expires March 30, 2019.

Total rent for the year ended December 31, 2018 amounted to \$1,628.

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 402
2020	-
2021	-
2022	-
2023	-
Total	\$ <u>402</u>

CROSSROADS HOUSE
NOTES TO FINANCIAL STATEMENTS

NOTE 7- SUBSEQUENT EVENT

Subsequent events have been evaluated through September 9, 2019, which is the date the statements were available for issuance.