

CROSSOVER MISSION INC.  
FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
AUGUST 31, 2018 AND 2017



# Robert Weidaw CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Crossover Mission Inc.

I have audited the accompanying statements of financial position of Crossover Mission Inc. (a Florida not-for profit corporation hereafter referred to as the "Organization") as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years 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 generally accepted accounting principles 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I 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 controls relevant to the Organization'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 Organization's internal controls. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossover Mission Inc. as of August 31, 2018 and 2017, and the results of its operations and changes in its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

**Other Matter**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Functional Expenses (Schedules 1 and 2) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information set forth in the Statements of Functional Expenses (Schedules 1 and 2) is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Robert Weidaw CPA*

Robert F. Weidaw CPA  
October 12, 2018

CROSSOVER MISSION INC.  
 STATEMENTS OF FINANCIAL POSITION  
 AS OF AUGUST 31, 2018 AND 2017

ASSETS:	<u>2018</u>	<u>2017</u>
Cash-unrestricted	\$ 226,114	\$ 187,619
Cash-restricted	7,250	7,504
Grant receivable	8,333	-
Other assets	<u>15,580</u>	<u>14,647</u>
Total Current Assets	257,277	209,770
Property and equipment, net of depreciaton	<u>95,629</u>	<u>65,421</u>
Total Assets	<u>\$ 352,906</u>	<u>\$ 275,191</u>
LIABILITIES:		
Accounts payable	\$ 3,522	\$ 2,221
Accrued liabilities	<u>27,755</u>	<u>19,891</u>
Total Liabilities	<u>31,277</u>	<u>22,112</u>
NET ASSETS:		
Unrestricted	314,379	245,575
Restricted	<u>7,250</u>	<u>7,504</u>
Total Net Assets	<u>321,629</u>	<u>253,079</u>
Total Liabilities and Net Assets	<u>\$ 352,906</u>	<u>\$ 275,191</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE TWELVE-MONTH PERIODS ENDED AUGUST 31, 2018 AND 2017

CHANGES IN UNRESTRICTED ASSETS:	<u>2018</u>	<u>2017</u>
Revenues and Gains:		
Grant income	\$ 211,299	\$ 196,724
Contributions	206,464	205,321
Program event income	<u>23,592</u>	<u>12,174</u>
Total Revenue and Gains	<u>441,355</u>	<u>414,219</u>
Functional Expenses:		
Athletics	124,233	110,474
Education	194,363	168,674
Fundraising	<u>22,617</u>	<u>42,430</u>
Total Functional Expenses	341,213	321,578
Administrative Expenses	<u>31,592</u>	<u>19,187</u>
Total Expenses	<u>372,805</u>	<u>340,765</u>
Increase in Net Assets	68,550	73,454
(Increase) Decrease In Restricted Net Assets	<u>254</u>	<u>6,949</u>
Increase in Unrestricted Net Assets	68,804	80,403
Unrestricted Net Assets, Beginning of Year	<u>245,575</u>	<u>165,172</u>
Unrestricted Net Assets, End of Year	314,379	245,575
Restricted Net Assets, End of Year	<u>7,250</u>	<u>7,504</u>
Net Assets, End of Year	<u>\$ 321,629</u>	<u>\$ 253,079</u>

See accompanying notes to financial statements

CROSSOVER MISSION INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE TWELVE-MONTH PERIODS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows Fom Operating Activities:		
Increase in Net Assets	\$ 68,550	\$ 73,454
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,869	25,629
Decrease (increase) in restricted cash	254	14,453
Decrease (increase) in grant receivable	(8,333)	(7,504)
Decrease (increase) in other assets	(933)	(3,748)
Increase (decrease) in accounts payable	1,301	1,912
Increase (decrease) in other accrued expenses	<u>7,864</u>	<u>170</u>
Net Cash Provided By Operating Activities	<u>80,572</u>	<u>104,366</u>
Cash Flows From Investing Activities:		
Investment in property and equipment	<u>(42,077)</u>	<u>(63,731)</u>
Cash Flows From Financing Activities	<u>-</u>	<u>-</u>
Increase in Unrestricted Cash	38,495	40,635
Unrestricted Cash, Beginning of Year	<u>187,619</u>	<u>146,984</u>
Unrestricted Cash, End of Year	<u>\$ 226,114</u>	<u>\$ 187,619</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2018 AND 2017

1. ORGANIZATION AND NATURE OF OPERATIONS

Crossover Mission Inc. (hereafter referred to as “Crossover” or the “Organization”) is a not-for-profit Florida corporation. Crossover was formed in 2014 to support and mentor at-risk youth through after-school athletics and academic programs managed by dedicated coaches and adult mentors. Crossover is located in Vero Beach, Florida and provides its programs in the greater Vero Beach and Indian River County area.

Crossover’s activities and programs are funded from private sector donations and contributions and grants received from private and public charitable organizations. The Organization’s ability to continue operations is based upon its ability to solicit and receive future grants and contributions.

2. TAX-EXEMPT STATUS

Crossover has been certified as a public charity, not-for-profit corporation under the provisions of Section 501c (3) of the Internal Revenue Code. As such Crossover is exempt from income tax.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting-**The accompanying financial statements have been prepared using the accrual method of accounting and are in accordance with accounting principles generally accepted in the United States of America.

**Revenue Recognition-**Revenue represents (a) donations and contributions from individuals, corporations and faith-based organizations, (b) grants from private and public charitable organizations and (c) income from sports activities sponsored by Crossover. Contributions are recorded as revenue when received. Revenue from grants are recorded when grant funds are received or reimbursement for expenses incurred under the terms of the grant is assured. Income from athletics events, which consist primarily of admission and participant fees, are recognized when the activities occur.

Contributions of assets other than cash are recorded at their estimated fair market value at the time of receipt. During 2017 Crossover received a contribution of a van. For revenue recognition purposes the van was recorded as contribution revenue at the contributor's purchase price of the van.

Expense Recognition-Expenses are recognized when goods are received or services rendered.

Property, Equipment and Depreciation-Property and equipment consist of (1) vehicles used for transporting youth to and from Crossover-sponsored activities, (2) computers and other technology equipment used for educational and administrative purposes, (3) furniture and equipment and (4) improvements to leased office space. These assets are depreciated on a straight-line basis (assuming no salvage value) over the following estimated useful lives:

Leasehold improvements	10 years
Furniture and equipment	5 years
Vehicles	5 years
Computers and technology	3 years

Other Assets-Other assets consists of prepaid insurance, deposits on leased office space and other receivables.

Income Taxes-Crossover is a tax-exempt corporation and does not record a provision for income tax expense or related liabilities in the accompanying financial statements.

Reclassifications-certain reclassifications have been made to reported amounts of Revenues and Gains in the accompanying Statements of Activities for 2017 in order to conform to presentations reflected in these statements for 2018.

#### 4. RESTRICTED ASSETS

As of August 31, 2018 the use of \$7,250 of cash assets was restricted by terms of a grant from a public charitable organization. These funds are to be used to purchase capital items specified in the grant and must be disbursed for their designated purpose on or before December 31, 2018 or the funds will be returned to the grantor.

As of August 31, 2017 the use of \$7,504 of cash assets was restricted as to their use by terms of grants in effect as of this date. These funds were spent during 2018 in accordance with the terms provided in the respective grant.

## 5. FUNCTIONAL EXPENSES

The accompanying Statements of Activities and Statements of Functional Expenses (Schedules 1 and 2) categorize Crossover's expenses into functional categories. Functional expenses represent direct costs associated with Crossover's programs and initiatives as well as an allocation of payroll and other administrative expenses incurred that are necessary to support more than one program or all of Crossover's activities. Any allocation of expenses to functional categories is based on estimates made by management.

Summarized below is a description of each functional activity:

**Athletics Programs**-Crossover provides athletics programs (with an emphasis on basketball), training, tournaments and other organized and supervised athletics activities for youth that participate in Crossover's academic achievement programs. Expenses include wages, coaching fees, transportation, fees for game officials, facility rentals, tournament fees, skills development camps and other expenses associated with organized athletics activities.

**Education Programs**-Crossover helps youth that are at-risk of academic failure by providing tutoring, after-school mentoring services and other academic and cultural achievement skills. Expenses include wages, payments for tutors, computers, books, testing software and fees and other education materials and supplies. Expenses also include transportation expenses incurred to transport students from school to Crossover's educational center. The majority of human tutoring resources are provided by volunteers who donate their time without pay.

**Fundraising**-These are activities associated with and expenses incurred to maintaining relationships with existing donors, cultivating relationships with potential donors and building awareness of its mission and programs in the local community.

**Administrative**-These are activities and expenses to manage the Organization, support employees and volunteers and comply with grant conditions and legal obligations.

## 6. LEASE OBLIGATIONS

Crossover has entered into a lease for office space used for student program activities and administrative functions. The lease expires December 31, 2018 and provides Crossover with two (2) individual options to renew for two years at a time. Lease payments are \$2,000 per month and remain at this level if Crossover exercises either of its renewal options.

Future minimum payments under this lease obligation are \$8,000 for the period September 1, 2018 through December 31, 2018

Lease expense related to this lease was \$24,000 and \$18,507 for the years ended August 31, 2018 and 2017, respectively.

## 7. GRANTORS AND CONTRIBUTORS

Crossover and its programs are funded primarily by grants from private and public charitable organizations and private donations. Grantors are public charities and private foundations. Contributors are individuals, corporations and faith-based organizations.

Grants are received pursuant to grant applications submitted by Crossover which outline specific uses for funds received. Grants fund operating expenses, educational programs and certain capital asset acquisitions. Crossover provides reporting and accountability to each Grantor documenting that funds received under each grant were used for the purpose or activity specified in the grant. Grant commitments are for a period of twelve to twenty-four months, depending upon the grant. During 2018 and 2017 income from grants was provided by six (6) grantors.

Contributions are received pursuant to fund-raising activities by Crossover. In general contributors do not restrict the use of their contributions or require specific reporting or accountability for how the funds are used. During 2018 and 2017 six (6) contributors provided more than seventy percent (70%) of contributions received.

## 8. SUSTAINABILITY

Crossover depends on grants and contributions to sustain its ability to implement programs and services. A significant amount of future grants and contributions are not assured and most of Crossover's revenues are provided by grants and contributions from only twelve organizations or individuals. However, In the opinion of management, unrestricted cash on hand as of August 31, 2018 together with committed contributions and expected results of fundraising activities thereafter will be sufficient to fund Crossover's programs and operations through August 31, 2019.

CROSSOVER MISSION INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 2018

SCHEDULE 1

	Program Services		Support Services		Total Program and Support Services
	<u>Athletics</u>	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	
Compensation	\$ 61,943	\$ 132,919	\$ 21,270	\$ 12,544	\$ 228,676
Tournament expenses	3,111	-	-	-	3,111
Gym rental, referees and coaches fees	3,548	-	-	-	3,548
Uniforms and equipment	8,323	-	-	-	8,323
Transportation and travel	9,621	3,271	-	-	12,893
Facilities expense	22,070	22,070	-	2,323	46,464
Education materials	-	21,401	-	-	21,401
Advertising	-	-	1,347	-	1,347
Background checks	-	-	-	940	940
Insurance	5,104	5,104	-	940	11,148
Supplies and other	-	-	-	8,985	8,985
Events and mentoring	3,391	6,036	-	-	9,427
Professional fees	-	-	-	4,673	4,673
Depreciation	7,121	3,561	-	1,187	11,869
Total	<u>\$ 124,233</u>	<u>\$ 194,363</u>	<u>22,617</u>	<u>31,592</u>	<u>\$ 372,805</u>
% of Total	<u>33%</u>	<u>52%</u>	<u>6%</u>	<u>8%</u>	<u>100%</u>

See accompany notes to financial statements.

CROSSOVER MISSION INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 2017

SCHEDULE 2

	Program Services		Support Services		Total Program and Support Services
	<u>Athletics</u>	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	
Compensation	\$ 59,213	\$ 124,442	\$ 23,478	\$ 8,412	\$ 215,545
Tournament expenses	3,047	-	-	-	3,047
Gym rental, referees and coaches fees	3,907	-	-	-	3,907
Uniforms and equipment	2,067	-	-	-	2,067
Transportation	1,939	1,939	-	-	3,878
Facilities expense	13,237	13,237	-	1,517	27,991
Education materials	-	5,215	-	-	5,215
Advertising	-	-	4,447	-	4,447
Background checks	-	-	0	560	560
Insurance	5,830	5,830	-	614	12,274
Supplies and other	-	-	1,390	3,414	4,804
Events and mentoring	9,667	6,444	13,115	-	29,226
Professional fees	-	-	-	2,175	2,175
Depreciation	11,567	11,567	-	2,495	25,629
<b>Total</b>	<b>\$ 110,474</b>	<b>\$ 168,674</b>	<b>42,430</b>	<b>19,187</b>	<b>\$ 340,765</b>
<b>% of Total</b>	<b><u>32%</u></b>	<b><u>49%</u></b>	<b><u>12%</u></b>	<b><u>6%</u></b>	<b><u>100%</u></b>

See accompany notes to financial statements.