



Robert Weidaw CPA

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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, 2021 and 2020, 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.



Robert Weidaw CPA

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, 2021 and 2020, 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
Charlotte, North Carolina
November 8, 2021

CROSSOVER MISSION INC.
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2021 AND 2020

ASSETS:	<u>2021</u>	<u>2020</u>
Cash and investments	\$ 488,733	\$ 356,578
Cash subject to donor restrictions	281,978	-
Grant receivable	26,653	23,748
Other current assets	<u>6,734</u>	<u>4,996</u>
Total Current Assets	804,098	385,322
Capitalized right of use agreement-real estate (Note 4)	191,748	301,318
Leasehold improvements	786,306	137,496
Property and equipment, net of depreciaton	54,408	40,276
Other assets	<u>4,037</u>	<u>2,254</u>
Total Assets	<u>\$ 1,840,597</u>	<u>\$ 866,666</u>
LIABILITIES:		
Current portion,capitalized lease obligation	\$ 102,083	\$ 104,635
Current portion, long-term debt	-	8,347
Accounts payable	137,617	8,019
Deferred revenue	281,978	-
Accrued liabilities	<u>34,048</u>	<u>18,795</u>
Total Current Liabilities	555,726	139,796
Capitalized lease obligation, net of current portion	87,791	198,880
Long-term debt, net of current portion	<u>97,760</u>	<u>92,830</u>
Total Liabilities	<u>741,277</u>	<u>431,506</u>
NET ASSETS:		
Unrestricted	1,099,320	435,160
Restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,099,320</u>	<u>435,160</u>
Total Liabilities and Net Assets	<u>\$ 1,840,597</u>	<u>\$ 866,666</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.
STATEMENTS OF ACTIVITIES
FOR THE TWELVE-MONTH PERIODS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues and Gains-Unrestricted:		
Grants	\$ 374,695	\$ 252,812
Donations	660,232	398,026
Program event income	9,855	5,623
Investment income	8,560	11,128
Other income, net	<u>63,370</u>	<u>-</u>
Revenues and Gains-Unrestricted:	1,116,712	667,589
Restricted grants and donations	<u>495,022</u>	<u>-</u>
Total Revenues and Gains	<u>1,611,734</u>	<u>667,589</u>
Functional Expenses:		
Athletics	324,571	130,965
Education	454,787	331,364
Fundraising	<u>56,903</u>	<u>28,438</u>
Total Functional Expenses	836,261	490,767
Administrative Expenses	<u>111,313</u>	<u>72,271</u>
Total Expenses	<u>947,574</u>	<u>563,038</u>
Increase in Net Assets	664,160	104,551
Net Assets, Beginning of Year	<u>435,160</u>	<u>330,609</u>
Net Assets, End of Year	<u>\$ 1,099,320</u>	<u>\$ 435,160</u>

See accompanying notes to financial statements

CROSSOVER MISSION INC.
STATEMENTS OF CASH FLOWS
FOR THE TWELVE-MONTH PERIODS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows Fom Operating Activities:		
Increase in Net Assets	\$ 664,160	\$ 104,551
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	32,975	36,368
Decrease (increase) in restricted cash	(281,978)	-
Decrease (increase) in grant receivable	(2,905)	(18,748)
Decrease (increase) in other current assets	(1,738)	1,861
Decrease (increase) in other assets	(1,783)	(2,254)
Increase (decrease) in accounts payable	129,598	5,854
Increase (decrease) in deferred revenue	281,978	-
Increase (decrease) in other accrued expenses	<u>15,189</u>	<u>(1,616)</u>
Net Cash Provided By Operating Activities	<u>835,496</u>	<u>126,016</u>
Cash Flows From Investing Activities:		
Investment in capital lease	-	(328,710)
Leasehold improvements	(652,550)	(137,496)
Investment in property and equipment	<u>(47,105)</u>	<u>(2,805)</u>
	<u>(699,655)</u>	<u>(469,011)</u>
Cash Flows From Financing Activities:		
Proceeds of long-term debt	59,413	103,139
Forgiveness of long-term debt	(63,099)	-
Proceeds of capital lease	<u>-</u>	<u>328,710</u>
	<u>(3,686)</u>	<u>431,849</u>
Increase in Unrestricted Cash	132,155	88,854
Unrestricted Cash, Beginning of Year	<u>356,578</u>	<u>267,724</u>
Unrestricted Cash, End of Year	<u>\$ 488,733</u>	<u>\$ 356,578</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 2021

SCHEDULE 1

	Program Services		Support Services		<u>Total</u>
	<u>Athletics</u>	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	
Compensation	\$ 167,796	\$ 272,319	\$ 54,670	\$ 59,971	\$ 554,756
Tournament and camp expenses	34,667	11,783	-	-	46,450
Uniforms and equipment	9,863	-	-	-	9,863
Facilities expense	70,265	70,265	-	12,220	152,750
Instruction and mentoring	-	52,500	-	-	52,500
Marketing and outreach	8,658	8,658	2,233	-	19,549
Background checks	-	2,229	-	-	2,229
Insurance	7,627	7,627	-	1,101	16,355
Supplies and other	4,890	5,831	-	23,815	34,536
Professional fees	-	-	-	10,245	10,245
Interest	7,068	7,068	-	1,230	15,366
Depreciation	13,737	16,507	-	2,731	32,975
Total	<u>\$ 324,571</u>	<u>\$ 454,787</u>	<u>\$ 56,903</u>	<u>\$ 111,313</u>	<u>\$ 947,574</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 2020

SCHEDULE 2

	Program Services		Support Services		Total Program and Support Services
	<u>Athletics</u>	<u>Education</u>	<u>Fundraising</u>	<u>Administrative</u>	
Compensation	\$ 66,225	\$ 235,067	\$ 26,423	\$ 49,272	\$ 376,987
Tournament and camp expenses	2,059	-	-	-	2,059
Uniforms and equipment	6,443	-	-	-	6,443
Facilities expense	34,578	34,578	-	6,014	75,170
Instruction and mentoring	-	23,405	-	-	23,405
Marketing and outreach	-	-	2,015	-	2,015
Background checks	-	1,818	-	-	1,818
Insurance	6,675	6,675	-	1,170	14,520
Supplies and other	-	6,056	-	8,479	14,535
Professional fees	-	-	-	4,912	4,912
Interest	2,211	2,211	-	384	4,806
Depreciation	12,774	21,554	-	2,040	36,368
Total	<u>\$ 130,965</u>	<u>\$ 331,364</u>	<u>28,438</u>	<u>72,271</u>	<u>\$ 563,038</u>

See accompanying notes to financial statements.

CROSSOVER MISSION INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

1. ORGANIZATION AND NATURE OF OPERATIONS

Crossover Mission Inc. (hereafter referred to as “Crossover”) is a not-for-profit Florida corporation. Crossover was formed in 2014 to support and mentor at-risk students 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 grants received from private and public charitable organizations. Crossover’s ability to continue operations is based upon its ability to solicit and receive future grants and donations.

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 Federal 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 from individuals, corporations, and other organizations, (b) grants from private and public charitable organizations and (c) income from sports activities sponsored by Crossover. Donations are recorded as revenue when received. Donations of assets other than cash are recorded at their estimated fair market value at the time of receipt. Grants are recorded as revenue when grant funds are received, the conditions specified in the grant for use of funds have been met or reimbursement for expenses incurred under the terms of the grant is assured.

Program income, which consists primarily of income from athletics events, are recognized when the activities occur.

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

Capitalized Right of Use Agreement-this represents the present value of lease payments for real estate Crossover will use for its athletic and educational programs and administrative offices (See Note 5).

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

Furniture and equipment	5 years
Vehicles	5 years
Computers and technology	3 years

Leasehold Improvements-Leasehold improvements represent modifications and enhancements to leased real estate. These improvements are recorded at cost. As of August 31, 2021, and 2020, no amortization expense has been recorded as the related improvements have not been completed and placed in-service for their intended use.

Deferred Revenue-Deferred revenue represents grant proceeds received for which all of the conditions for use of grant proceeds have not yet been met. The cash that represents deferred revenue will be recognized as grant income in 2022 when the funds are spent for their restricted purpose.

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.

Fiscal Years-Crossover's accounting years begin September 1 and end the following August 31. Any reference to 2021 or 2020 in the accompanying financial statements refer to fiscal years beginning September 1 of the previous calendar year and ending August 31 of the current calendar year.

Reclassifications-certain reclassifications have been made to reported amounts of Revenues and Gains and Functional Expenses in the accompanying Statements of Activities for 2020 to conform to presentations reflected in these statements for 2021.

4. 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 expenses incurred that are necessary to support more than one program or Crossover's fundraising and administrative activities. Any allocation of expenses to more than one functional category 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 students 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 students that are at-risk of academic failure by providing one-on-one tutoring, after-school mentoring services and other academic and cultural enrichment activities. Expenses include wages, payments for professional educators, computers, books, testing software and fees, education materials and transportation expenses incurred to transport students from their schools to Crossover's educational center. Expenses also include tuition assistance for high school students and scholarship awards for college tuition. Most of Crossover's professional educators are volunteers who donate their time without pay.

Fundraising-These are activities associated with and expenses incurred to maintain relationships with existing donors, cultivate relationships with potential donors and prepare and file grant applications. Expenses also include those incurred to build awareness of Crossover's mission and programs in the local community.

Administrative-These are expenses incurred to manage Crossover's financial and administrative functions, support employees and volunteers and comply with grant conditions and legal obligations.

5. CAPITALIZED LEASE OBLIGATION

On June 1, 2020, Crossover entered into a three-year right of use real estate lease for a facility that will include its administrative offices, educational classrooms, technology center and athletic facilities.

Lease payments are \$10,000 per month through May 2023. Crossover has accounted for this lease as a capital lease. Using an imputed annual interest rate of six percent (6%) Crossover recorded a right of use asset and related capital lease obligation in the accompanying statements of financial position. The lease agreement provides Crossover the option to purchase the real estate on or before February 1, 2023.

Crossover has invested \$786,306 and \$137,496 as of August 31, 2021, and 2020, respectively, in modifications and improvements to this real estate. Approximately \$290,000 of additional costs will be incurred in the twelve-month period ended August 31, 2022 before these improvements are functional for their intended purpose. Proceeds from grants and loan commitments (see Note 7) are sufficient to complete these improvements.

No amortization expense related to these improvements have been recorded in the accompanying Statements of Activities for the twelve-month periods ended August 31, 2021, and 2020.

6. LONG-TERM DEBT

Effective April 1, 2020, Crossover entered into a loan agreement with one of its directors. The terms of this note agreement enable Crossover to borrow up to \$250,000 to fund costs related to the modifications and improvements to leased real estate facilities (see Note 5). The note is non-interest bearing and is due and payable when Crossover exercises its option to purchase the leased real estate. Interest of \$6,020 has been imputed on this note for the year ended August 31, 2021. The balance outstanding on this note was \$97,760 and \$38,342 as of August 31, 2021, and 2020, respectively.

In April 2020 Crossover entered into a loan agreement with the United States Small Business Administration (SBA) under its Paycheck Protections Program (PPP). The proceeds of the loan were \$62,600. The loan bears interest at an annual rate of one percent (1%). The PPP loan includes provisions for the loan to be forgiven, in whole or in part, after an application for forgiveness has been filed with the SBA. In May 2021, this loan and accrued interest was forgiven by the SBA. The forgiveness of this loan in the amount of \$63,099 has been recorded as Other Income in the accompanying Statement of Activities for the twelve-month period ended August 31, 2021. The balance outstanding on this note, including accrued but unpaid interest, was \$62,835 as of August 31, 2020.

7. GRANTORS AND DONORS

Crossover's programs and operating costs are funded primarily by grants from private and public charitable organizations and private donations. Grantors are public charities and private foundations. Donors are individuals, corporations, and other organizations.

Grants are received pursuant to grant applications submitted by Crossover which outline specific uses for funds received. Grant proceeds 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 generally for a period of twelve to twenty-four months, depending upon the grant.

Donations are received pursuant to fund-raising activities by Crossover. In general, individual donors do not restrict the use of their contributions or require specific reporting or accountability for how the funds are used.

During 2021 and 2020 more than 50% of Crossover's functional and administrative expenses were funded by unrestricted grants and donations from five (5) grantors and donors, two (2) of whom are members of Crossover's Board of Directors. Most of these grants and donations are not assured in years subsequent to 2021.

In 2021 Crossover recognized \$495,022 of grant and donations revenue specifically designated to fund modifications and improvements of its leased facility (see Note 5) and other non-operating expenditures.

8. SUSTAINABILITY

Crossover depends on grants and donations to sustain its operations and ability to implement programs and services. A significant portion of Crossover's operations and programs are funded by a limited number of grantors and donors. Most grants and donations are not assured beyond a twelve-month period. Therefore, Crossover's ability to sustain its operations depends on its ability to retain existing grantors and donors and acquire sufficient grants and donations in future years.

In the opinion of management, cash on hand as of August 31, 2021, combined with proceeds from committed grants and expected results of fundraising activities thereafter, will be sufficient to fund Crossover's programs and operations through August 31, 2022.