
CROSSROADS PREGNANCY CENTER, INC.

(A Michigan Non-Profit Corporation)

**Financial Report
For The Year Ended
December 31, 2012
With Comparative Totals
For the Year Ended
December 31, 2011**



certified public accountants

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CROSSROADS PREGNANCY CENTER, INC.
Auburn Hills, Michigan

I N D E X

	<u>Page</u>
Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Crossroads Pregnancy Center, Inc.
Auburn Hills, Michigan

We have reviewed the accompanying statement of financial position of Crossroads Pregnancy Center, Inc. (a Michigan non-profit corporation), as of December 31, 2012 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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. The prior year summarized comparative information has been derived from the 2011 financial statements of the Organization, which were reviewed by other accountants, whose report dated June 6, 2012 stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Gordon Advisors, P.C.

April 22, 2013

CROSSROADS PREGNANCY CENTER, INC.

Statement of Financial Position December 31, 2012 and 2011

ASSETS

Current Assets	<u>2012</u>	<u>2011</u>
Cash and equivalents	\$ 108,011	\$ 37,575
Contributions receivable	250	1,070
Prepaid expenses	<u>5,326</u>	<u>5,809</u>
Total Current Assets	113,587	44,454
Equipment and Leasehold Improvements, Net	7,791	17,692
Other Asset		
Lease deposit	<u>3,725</u>	<u>3,725</u>
Total Assets	<u><u>\$ 125,103</u></u>	<u><u>\$ 65,871</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and other accrued expenses	<u>\$ 22,991</u>	<u>\$ 16,374</u>
Net Assets		
Unrestricted	98,668	46,956
Temporarily restricted	<u>3,444</u>	<u>2,541</u>
Total Net assets	<u>102,112</u>	<u>49,497</u>
Total Liabilities and Net assets	<u><u>\$ 125,103</u></u>	<u><u>\$ 65,871</u></u>

CROSSROADS PREGNANCY CENTER, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Contributions	\$ 231,766	\$ 19,712	\$ 251,478	\$ 204,990
Special events - net of direct expenses of \$65,703 in 2012 and \$62,794 in 2011	162,031	0	162,031	110,085
Investment income	72	0	72	41
Net assets released from restrictions	18,809	(18,809)	0	0
Total Support and Revenue	<u>412,678</u>	<u>903</u>	<u>413,581</u>	<u>315,116</u>
Expenses				
Program services				
Program	255,620	0	255,620	243,619
Administrative	59,811	0	59,811	51,429
Fundraising	45,535	0	45,535	57,221
Total Functional Expenses	<u>360,966</u>	<u>0</u>	<u>360,966</u>	<u>352,269</u>
Increase (Decrease) in Net Assets	51,712	903	52,615	(37,153)
Net Assets - Beginning of Year	<u>46,956</u>	<u>2,541</u>	<u>49,497</u>	<u>86,650</u>
Net Assets - End of Year	<u>\$ 98,668</u>	<u>\$ 3,444</u>	<u>\$ 102,112</u>	<u>\$ 49,497</u>

See Independent Accountants' Review Report and Accompanying Footnotes.

CROSSROADS PREGNANCY CENTER, INC.**Statement of Functional Expenses****Year Ended December 31, 2012****With Comparative Totals for the Year Ended December 31, 2011**

	2012			2011	
	Program	Management	Fundraising	Total	
Salaries and benefits	\$ 141,354	\$ 33,324	\$ 36,101	\$ 210,778	\$ 205,835
Payroll tax expense	11,953	2,855	3,033	17,841	17,532
Ministry expenses	13,950	0	0	13,950	12,584
Advertising and promotion	2,592	0	0	2,592	4,187
Bank charges	1,835	0	1,835	3,670	1,565
Conferences/staff training	80	0	0	80	656
Equipment maintenance	426	213	71	710	360
Facility expense	60,737	17,353	789	78,879	75,931
Insurance	7,266	908	908	9,082	9,929
Membership fees	529	403	328	1,260	1,235
Office expense	1,449	207	414	2,070	2,021
Printing and postage	1,871	624	624	3,119	3,657
Professional fees	419	2,529	37	2,985	2,800
	244,461	58,416	44,140	347,016	338,292
Depreciation	11,159	1,395	1,395	13,949	13,977
	<u>\$ 255,620</u>	<u>\$ 59,811</u>	<u>\$ 45,535</u>	<u>\$ 360,965</u>	<u>\$ 352,269</u>

CROSSROADS PREGNANCY CENTER, INC.
Statement of Cash Flows
Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

Operating Activities	<u>2012</u>	<u>2011</u>
Increase (decrease) in net assets	\$ 52,615	\$ (37,153)
Add items not requiring cash:		
Depreciation and amortization	13,949	13,977
Loss on disposals of assets	109	0
(Increase) decrease in operating assets:		
Contributions receivable	820	(36)
Prepaid expenses	483	678
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	<u>6,617</u>	<u>2,015</u>
Net Cash Provided By (Used In) Operating Activities	<u>74,593</u>	<u>(20,519)</u>
Investing Activities		
Purchase of fixed assets	<u>(4,157)</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	<u>(4,157)</u>	<u>0</u>
Net Increase (Decrease) In Cash and Cash Equivalents	70,436	(20,519)
Cash and Cash Equivalents - Beginning of Year	<u>37,575</u>	<u>58,094</u>
Cash and Cash Equivalents - End of Year	<u>\$ 108,011</u>	<u>\$ 37,575</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 0</u>	<u>\$ 0</u>
Cash paid for income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Accountants' Review Report and Accompanying Footnotes.

CROSSROADS PREGNANCY CENTER, INC.
Notes to the Financial Statements
December 31, 2012

NOTE:

1. Summary of Significant Accounting Policies

The following are accounting principles and policies followed by the Organization:

Nature of Operations – Crossroads Pregnancy Center, Inc. (the Organization) is a non-profit, Christian organization dedicated to assisting abortion-vulnerable women and men who are involved in a crisis pregnancy to choose life for their unborn child. Toward the same end, the organization is committed to encouraging godly sexual attitudes and practices in the community.

Basis of Accounting – The financial statements are prepared based on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2012 and 2011, there were no permanently restricted net assets.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable – Contributions receivable consist of unconditional promises to give, which are recognized as revenue in the period the promise is received.

Equipment and Leasehold Improvements – Equipment and leasehold improvements are stated at cost if purchased or fair value at date of donation and depreciated over their estimated useful lives using the straight-line method. Upon sale or retirement, the cost and accumulated depreciation is eliminated from the respective accounts and a gain or loss is recorded in operations.

Contributions – Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received from the donor, measured at fair value. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. The Organization receives donations of clothes, diapers, and other baby items that are given out to the families they service free of charge. No revenue or expense has been reported for these items.

Contributed Services – No amounts have been reflected in the statements for volunteer services since these services are not recordable under accounting principles generally accepted in the United States of America; however, volunteers have donated countless hours to the Organization.

Tax-Exempt Status – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation by the Internal Revenue Service.

Advertising – Advertising costs are charged to operations when incurred.

CROSSROADS PREGNANCY CENTER, INC.
Notes to the Financial Statements (Continued)
December 31, 2012

NOTE:**1. Summary of Significant Accounting Policies (Continued)**

Concentrations – Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Federal Deposit Insurance Corporation (FDIC) insures balances up to \$250,000. There were no uninsured amounts on deposit in banks as of December 31, 2012 and 2011.

Income Tax Uncertainties – Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012 and December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. For federal income tax purposes the tax returns essentially remain open for possible examination for a period up to three years after the date on which those returns are filed.

Subsequent Events – The Company has evaluated events and transactions that occurred through April 22, 2013, which is the date the financial statements were available for issue.

2. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	<u>2012</u>	<u>2011</u>
Office furniture and equipment	\$ 68,398	\$ 71,676
Leasehold improvements	<u>67,535</u>	<u>65,160</u>
Total	135,933	136,836
Less accumulated depreciation	<u>(128,142)</u>	<u>(119,144)</u>
Net equipment and leasehold improvements	<u>\$ 7,791</u>	<u>\$ 17,692</u>

3. Functional Allocation of Expenses

The cost of providing the program and supporting services are reported in the statement of functional expenses. Indirect costs have been allocated between the various programs and supporting services based on estimates by management.

4. Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

CROSSROADS PREGNANCY CENTER, INC.
Notes to the Financial Statements (Continued)
December 31, 2012

NOTE:**5. Leases**

The Organization currently leases its office and storage facility under a lease which expires on October 31, 2015. Beginning in November 2010, monthly payments were \$3,725 for 36 months and \$4,725 thereafter. In 2013, the lease was renegotiated to keep the monthly payments at \$3,725 through October 2014 and \$4,725 thereafter. The future minimum lease payments remaining at December 31, 2012 are as follows:

2013	\$ 44,700
2014	46,700
2015	<u>47,250</u>
Total minimum lease payments	<u>\$ 138,650</u>

The Organization also subleases a room from a facility for the purpose of doing ultra-sound screening under a lease which began May 1, 2009 for a nominal fee of \$1 per month.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2012 and 2011 for the following purposes:

	<u>2012</u>	<u>2011</u>
Restricted for program activities		
Client Assistance	\$ 3,444	\$ 2,541

7. Unconditional Promises to Give

Unconditional promises to give are due in less than one year and are as follows:

	<u>2012</u>	<u>2011</u>
Receivable	\$ 2,860	\$ 7,217
Less allowance for uncollectible promises	<u>2,610</u>	<u>6,147</u>
Net receivable	<u>\$ 250</u>	<u>\$ 1,070</u>