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**CROSSROADS CARE CENTER**

**(A Michigan Non-Profit Corporation)**

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**Financial Report  
For the Year Ended  
December 31, 2017  
With Comparative Totals  
For the Year Ended  
December 31, 2016**



**GORDON**  
Advisors, P.C.

certified public accountants

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**CROSSRAODS CARE CENTER**  
**Auburn Hills, Michigan**

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**I N D E X**

	<b><u>Page</u></b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9



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## INDEPENDENT AUDITORS' REPORT

Crossroads Care Center  
Auburn Hills, Michigan

We have audited the accompanying financial statements of Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center (a Michigan non-profit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditor's 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 control relevant to the entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Summarized Comparative Information**

We previously audited Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent in all material respects with the audited financial statements from which it has been derived.

*Gordon Advisors, P.C.*

June 27, 2018

**CROSSROADS CARE CENTER**  
**Statement of Financial Position**  
**December 31, 2017 and 2016**

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**ASSETS**

	<b>2017</b>	<b>2016</b>
Cash and equivalents	\$ 128,227	\$ 93,059
Prepaid expenses and rent	9,133	7,133
Equipment and leasehold improvements, net	34,250	43,209
<b>Total Assets</b>	<b>\$ 171,610</b>	<b>\$ 143,401</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and other accrued expenses	\$ 2,051	\$ 12,094
<b>Total Liabilities</b>	2,051	12,094
<b>Net Assets</b>		
Unrestricted	165,029	126,749
Temporarily restricted	4,530	4,558
<b>Total Net Assets</b>	169,559	131,307
<b>Total Liabilities and Net Assets</b>	<b>\$ 171,610</b>	<b>\$ 143,401</b>

**CROSSROADS CARE CENTER**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2017**  
**With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and Revenue</b>				
Contributions	\$ 275,101	\$ 13,188	\$ 288,289	\$ 295,123
Special events - Net of direct expenses of \$56,103 in 2017 and \$50,263 in 2016	194,877	0	194,877	133,792
Investment income	20	0	20	17
Net assets released from restrictions	13,216	(13,216)	0	0
<b>Total Support and Revenue</b>	<b>483,214</b>	<b>(28)</b>	<b>483,186</b>	<b>428,932</b>
<b>Expenses</b>				
Program services				
Program	313,335	0	313,335	278,770
Administrative	74,205	0	74,205	66,569
Fundraising	57,394	0	57,394	54,661
<b>Total Expenses</b>	<b>444,934</b>	<b>0</b>	<b>444,934</b>	<b>400,000</b>
<b>Increase (Decrease) in Net Assets</b>	<b>38,280</b>	<b>(28)</b>	<b>38,252</b>	<b>28,932</b>
<b>Net Assets - Beginning of Year</b>	<b>126,749</b>	<b>4,558</b>	<b>131,307</b>	<b>102,375</b>
<b>Net Assets - End of Year</b>	<b>\$ 165,029</b>	<b>\$ 4,530</b>	<b>\$ 169,559</b>	<b>\$ 131,307</b>

See Independent Auditors' Report and Accompanying Footnotes.

**CROSSROADS CARE CENTER****Statement of Functional Expenses****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016	
	Program	Management	Fundraising	Total	
Salaries and benefits	\$ 186,073	\$ 38,934	\$ 40,530	\$ 265,537	\$ 239,370
Payroll tax expense	14,705	3,410	3,197	21,312	20,099
Ministry expenses	25,879	0	0	25,879	22,763
Advertising and promotion	4,834	0	0	4,834	4,041
Bank charges	1,960	0	1,961	3,921	3,217
Conferences/staff training	4,078	0	0	4,078	3,609
Equipment maintenance	392	196	66	654	675
Facility expense	53,959	17,457	7,936	79,352	73,296
Insurance	7,915	990	990	9,895	9,100
Membership fees	711	542	442	1,695	1,780
Office expense	2,392	342	683	3,417	2,349
Printing and postage	2,077	693	693	3,463	2,110
Professional fees	1,194	10,745	0	11,939	8,310
	<u>306,169</u>	<u>73,309</u>	<u>56,498</u>	<u>435,976</u>	<u>390,719</u>
Depreciation	<u>7,166</u>	<u>896</u>	<u>896</u>	<u>8,958</u>	<u>9,281</u>
	<u>\$ 313,335</u>	<u>\$ 74,205</u>	<u>\$ 57,394</u>	<u>\$ 444,934</u>	<u>\$ 400,000</u>

**CROSSROADS CARE CENTER****Statement of Cash Flows****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

<b>Operating Activities</b>	<u>2017</u>	<u>2016</u>
Increase (Decrease) in net assets	\$ 38,252	\$ 28,932
Add items not requiring cash:		
Depreciation and amortization	8,958	9,281
Non-cash donations	0	(15,800)
(Increase) decrease in operating assets:		
Prepaid expenses	(2,000)	(309)
Construction deposits	0	12,068
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	<u>(10,042)</u>	<u>9,807</u>
<b>Net Cash Provided By Operating Activities</b>	<u>35,168</u>	<u>43,979</u>
<b>Investing Activities</b>		
Purchase of fixed assets	<u>0</u>	<u>(33,161)</u>
<b>Net Cash Used In Investing Activities</b>	<u>0</u>	<u>(33,161)</u>
<b>Net Increase In Cash and Cash Equivalents</b>	35,168	10,818
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>93,059</u>	<u>82,241</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 128,227</u></u>	<u><u>\$ 93,059</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	<u>\$ 0</u>	<u>\$ 0</u>
Cash paid for income taxes	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Auditors' Report and Accompanying Footnotes.



**CROSSROADS CARE CENTER**  
**Notes to the Financial Statements**  
**December 31, 2017**

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**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. D/B/A Crossroads Care Center (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. In 2016, the organization also began offering STI/STD testing and treatment.

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

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, 2017, 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.

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 CARE CENTER**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

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

Concentrations –The Organization maintains its cash accounts at financial institutions whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. At December 31, 2017, the Organization was not in excess of the FDIC insured limits. Management does not believe the Organization is exposed to any unusual credit risk on uninsured balances.

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, 2017, 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.

Subsequent Events – The Organization has evaluated events and transactions that occurred through June 27, 2018, 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>2017</u>	<u>2016</u>
Office furniture and equipment	\$ 48,591	\$ 48,591
Leasehold improvements	<u>77,453</u>	<u>77,453</u>
Total	126,044	126,044
Less: Accumulated depreciation	<u>(91,794)</u>	<u>(82,835)</u>
Net equipment and leasehold improvements	<u>\$ 34,250</u>	<u>\$ 43,209</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, 2016, from which the summarized information was derived.

**CROSSROADS CARE CENTER**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2017**

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**NOTE:****5. Leases**

The Organization has an operating lease for its office and storage facility with monthly payments ranging from \$3,533 to \$3,754. This lease is set to expire March 31, 2024. The future minimum lease payments remaining at December 31, 2017 are as follows:

2018	\$ 42,400
2019	43,394
2020	43,725
2021	43,725
2022	43,725
Thereafter	<u>55,981</u>
Total minimum lease payments	<u>\$ 272,950</u>

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available as of December 31, 2017 and 2016 for the following purposes:

	<u>2017</u>	<u>2016</u>
Restricted for program activities:		
Client Assistance	<u>\$ 4,530</u>	<u>\$ 4,558</u>