
CROSSROADS CARE CENTER
(A Michigan Non-Profit Corporation)

Financial Report
For the Year Ended
December 31, 2018
With Comparative Totals
For the Year Ended
December 31, 2017



certified public accountants

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CROSSROADS CARE CENTER
Auburn Hills, Michigan

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INDEPENDENT ACCOUNTANTS' REPORT

Crossroads Care Center
Auburn Hills, Michigan

We have reviewed the accompanying financial statements of Crossroads Pregnancy Center, Inc. (a Michigan non-profit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows 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.

Summarized Comparative Information

We previously audited Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center's 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent in all material respects with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

August 26, 2019

CROSSROADS CARE CENTER
Statement of Financial Position
December 31, 2018 and 2017

<u>ASSETS</u>	<u>Unaudited 2018</u>	<u>Audited 2017</u>
Cash and equivalents	\$ 84,599	\$ 128,227
Prepaid expenses and rent	9,342	9,133
Equipment and leasehold improvements, net	<u>25,540</u>	<u>34,250</u>
Total Assets	<u>\$ 119,481</u>	<u>\$ 171,610</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities		
Accounts payable and other accrued expenses	<u>\$ 2,533</u>	<u>\$ 2,051</u>
Total Liabilities	<u>2,533</u>	<u>2,051</u>
Net Assets		
Without donor restrictions	112,027	165,029
With donor restrictions	<u>4,921</u>	<u>4,530</u>
Total Net Assets	<u>116,948</u>	<u>169,559</u>
Total Liabilities and Net Assets	<u>\$ 119,481</u>	<u>\$ 171,610</u>

CROSSROADS CARE CENTER
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Unaudited 2018		Audited 2017	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions	\$ 260,811	\$ 1,100	\$ 261,911	\$ 288,289
Special events - Net of direct expenses of \$80,156 in 2018 and \$56,103 in 2017	164,570	0	164,570	194,877
Investment income	20	0	20	20
Net assets released from restrictions	709	(709)	0	0
Total Support and Revenue	<u>426,110</u>	<u>391</u>	<u>426,501</u>	<u>483,186</u>
Expenses				
Program services				
Program	347,862	0	347,862	313,335
Administrative	74,247	0	74,247	74,205
Fundraising	57,003	0	57,003	57,394
Total Expenses	<u>479,112</u>	<u>0</u>	<u>479,112</u>	<u>444,934</u>
Increase (Decrease) in Net Assets	(53,002)	391	(52,611)	38,252
Net Assets - Beginning of Year	<u>165,029</u>	<u>4,530</u>	<u>169,559</u>	<u>131,307</u>
Net Assets - End of Year	<u>\$ 112,027</u>	<u>\$ 4,921</u>	<u>\$ 116,948</u>	<u>\$ 169,559</u>

See Independent Accountants' Report and Accompanying Footnotes.

CROSSROADS CARE CENTER**Statement of Functional Expenses****Year Ended December 31, 2018****With Comparative Totals for the Year Ended December 31, 2017**

	Unaudited 2018			Audited 2017	
	Program	Management	Fundraising	Total	
Salaries and benefits	\$ 203,576	\$ 40,478	\$ 40,315	\$ 284,369	\$ 265,537
Payroll tax expense	15,194	3,523	3,303	22,020	21,312
Ministry expenses	33,912	0	0	33,912	25,879
Advertising and promotion	10,662	0	0	10,662	4,834
Bank charges	1,464	0	1,464	2,928	3,921
Conferences/staff training	6,736	0	0	6,736	4,078
Equipment maintenance	437	219	73	729	654
Facility expense	54,910	17,765	8,075	80,750	79,352
Insurance	7,882	985	986	9,853	9,895
Membership fees	1,030	786	639	2,455	1,695
Office expense	2,113	302	604	3,019	3,417
Printing and postage	2,017	673	673	3,363	3,463
Professional fees	961	8,645	0	9,606	11,939
	<u>340,894</u>	<u>73,376</u>	<u>56,132</u>	<u>470,402</u>	<u>435,976</u>
Depreciation	<u>6,968</u>	<u>871</u>	<u>871</u>	<u>8,710</u>	<u>8,958</u>
	<u>\$ 347,862</u>	<u>\$ 74,247</u>	<u>\$ 57,003</u>	<u>\$ 479,112</u>	<u>\$ 444,934</u>

CROSSROADS CARE CENTER**Statement of Cash Flows****Year Ended December 31, 2018****With Comparative Totals for the Year Ended December 31, 2017**

	<u>Unaudited 2018</u>	<u>Audited 2017</u>
Operating Activities		
Increase (decrease) in net assets	\$ (52,611)	\$ 38,252
Add items not requiring cash:		
Depreciation and amortization	8,710	8,958
(Increase) decrease in operating assets:		
Prepaid expenses	(209)	(2,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	482	(10,042)
Net Cash Provided By (Used In) Operating Activities	<u>(43,628)</u>	<u>35,168</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(43,628)	35,168
Cash and Cash Equivalents - Beginning of Year	<u>128,227</u>	<u>93,059</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 84,599</u></u>	<u><u>\$ 128,227</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Cash paid for income taxes	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Accountants' Report and Accompanying Footnotes.

CROSSROADS CARE CENTER
Notes to the Financial Statements
December 31, 2018

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. The organization also offers 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 classifies, and reports net assets, revenues, gains and losses based upon donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Represent those resources over which the Board has discretionary control. These include designated amounts which are revenues or funds the Board has set aside for a particular purpose. All property, equipment and related debt are considered unrestricted.

Net Assets With Donor Restrictions – Represents those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. When donor restrictions expire, that is, when stipulated time restrictions end or a purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions.

Prior years financial statements reported information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets, and permanently restricted net assets. Prior year information presented in these financial statements has been updated to reflect the new presentation standards.

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.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2018

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

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.

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, 2018, 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, 2018, 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 August 26, 2019, 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>2018</u>	<u>2017</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>(100,504)</u>	<u>(91,794)</u>
Net equipment and leasehold improvements	<u>\$ 25,540</u>	<u>\$ 34,250</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.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2018

NOTE:**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, 2017, from which the summarized information was derived.

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, 2018 are as follows:

2019	\$ 43,394
2020	43,725
2021	43,725
2022	43,725
2023	44,719
Thereafter	<u>11,263</u>
Total minimum lease payments	<u>\$ 230,551</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2018 and 2017 for the following purposes:

	<u>2018</u>	<u>2017</u>
Restricted for program activities:		
Client Assistance	<u>\$ 4,921</u>	<u>\$ 4,530</u>

7. Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The new standard is effective for the Center's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Center adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

8. Liquidity

The Organization has \$84,599 of liquid financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, subject to \$4,921 of funds required to satisfy net assets with donor restrictions. As part of its liquidity management, the Organization invests excess cash in a savings account held by one financial institution.