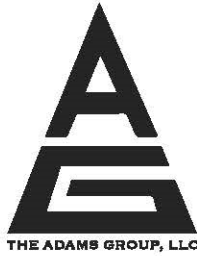


CROSSPURPOSE
CONSOLIDATED
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
CrossPurpose
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CrossPurpose (a Colorado nonprofit organization), and its subsidiary, Upstream Impact, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CrossPurpose as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As described in Note 4 to the financial statements, CrossPurpose received a donation of a privately-held investments during the year ended December 31, 2019. The fair value of these investments is a significant management estimate. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, CrossPurpose adopted the provisions under Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as of December 31, 2019. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, CrossPurpose early adopted the provisions under Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Contributions Received and Contributions Made*, as of December 31, 2019. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, CrossPurpose adopted the provisions under Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of December 31, 2018. Our opinion is not modified with respect to this matter.

August 20, 2020
Denver, Colorado

The Adams Group, LLC

CROSSPURPOSE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 2,094,243	\$ 1,124,517
Accounts receivable	36,967	196,906
Promises to give	10,000	20,000
Note receivable	0	5,076
Prepaid expenses	0	6,892
Other assets	0	4,769
Investments	194,875	0
Property and equipment, net of accumulated depreciation	2,510,968	2,206,353
Total Assets	\$ 4,847,053	\$ 3,564,513
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 859,161	\$ 441,634
Accrued liabilities	109,129	92,390
Refundable advance	35,161	0
Note payable	200,000	350,000
Total liabilities	1,203,451	884,024
<u>Net assets</u>		
Without donor restriction	3,594,900	2,115,038
With donor restriction	48,702	565,451
Total Net Assets	3,643,602	2,680,489
Total Liabilities and Net Assets	\$ 4,847,053	\$ 3,564,513

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31,	2019	2018
Changes in net assets without donor restriction:		
<u>Contributions, program income and other income</u>		
Contributions	\$ 3,956,715	\$ 3,108,241
Net assets released from restrictions	1,846,488	2,240,525
Government grants	96,554	18,760
Program income	215,142	8,299
Other income	15,097	466
Total contributions, program income, and other income	6,129,996	5,376,291
<u>Expenses</u>		
Program services	3,703,518	2,246,048
General and administrative	476,038	521,643
Fundraising	470,578	394,099
Total supporting services	946,616	915,742
Total expenses	4,650,134	3,161,790
Changes in net assets without donor restriction	1,479,862	2,214,501
Changes in net assets with donor restriction:		
Contributions	1,329,739	2,297,322
Net assets released from restrictions	(1,846,488)	(2,240,525)
Changes in net assets with donor restriction	(516,749)	56,797
Changes in net assets	963,113	2,271,298
Net assets - beginning of year	2,680,489	409,191
Net assets - end of year	\$ 3,643,602	\$ 2,680,489

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2019

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund-raising</u>	<u>Total Supporting Services</u>	
Salaries and wages	\$ 1,118,747	\$ 187,924	\$ 266,623	\$ 454,547	\$ 1,573,294
Employee benefits	74,041	33,792	34,151	67,943	141,984
Payroll taxes	83,806	14,167	13,282	27,449	111,255
Subtotal	<u>1,276,594</u>	<u>235,883</u>	<u>314,056</u>	<u>549,939</u>	<u>1,826,533</u>
Audit and tax services	0	17,639	0	17,639	17,639
Contractors	19,349	0	0	0	19,349
Insurance	25,895	3,983	3,670	7,653	33,548
Programs	719,664	144	0	144	719,808
Marketing	95,257	0	44,248	44,248	139,505
In-kind donations	146,198	21,418	18,624	40,042	186,240
Occupancy	349,441	51,688	44,955	96,643	446,084
Professional and other fees	47,500	27,467	20,000	47,467	94,967
Office supplies	0	14,376	0	14,376	14,376
Printing and copying	13,998	3,667	749	4,416	18,414
Technology	88,983	22,434	20,203	42,637	131,620
Other organization support	899,085	0	0	0	899,085
Other	21,554	77,339	4,073	81,412	102,966
Total Expenses	<u>\$ 3,703,518</u>	<u>\$ 476,038</u>	<u>\$ 470,578</u>	<u>\$ 946,616</u>	<u>\$ 4,650,134</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2018

	<u>Supporting Services</u>				Total Expenses
	Program Services	General & Admini- strative	Fund- raising	Total Supporting Services	
Salaries and wages	\$ 1,085,319	\$ 240,211	\$ 260,453	\$ 500,664	\$ 1,585,983
Housing stipends	3,200	0	0	0	3,200
Employee benefits	97,105	36,519	30,059	66,578	163,683
Payroll taxes	78,570	16,885	10,112	26,997	105,567
Subtotal	1,264,194	293,615	300,624	594,239	1,858,433
Audit and tax services	0	16,422	0	16,422	16,422
Contractors	19,990	0	0	0	19,990
Insurance	6,869	30,213	1,765	31,978	38,847
Programs	587,064	0	0	0	587,064
Marketing	10,180	0	66,480	66,480	76,660
In-kind donations	169,572	9,312	2,794	12,106	181,678
Occupancy	79,161	47,823	9,969	57,792	136,953
Professional and other fees	16,274	76,283	0	76,283	92,557
Office supplies	0	1,662	0	1,662	1,662
Printing and copying	7,502	2,433	203	2,636	10,138
Technology	67,839	11,346	5,891	17,237	85,076
Other	17,403	32,534	6,373	38,907	56,310
Total Expenses	<u>\$ 2,246,048</u>	<u>\$ 521,643</u>	<u>\$ 394,099</u>	<u>\$ 915,742</u>	<u>\$ 3,161,790</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2019	2018
Cash flows from operating activities		
Received from contributions	\$ 5,277,242	\$ 5,120,823
Received from government grants	115,991	18,760
Interest and dividends	1,805	327
Other receipts	228,510	10,372
Cash paid to suppliers and employees	<u>(3,910,828)</u>	<u>(2,671,153)</u>
Net cash provided by operating activities	<u>1,712,720</u>	<u>2,479,129</u>
Cash flows from investing activities		
Purchase of fixed assets	(597,994)	(2,206,353)
Proceeds from note receivable	5,000	4,924
Issuance of note receivable	<u>0</u>	<u>(5,000)</u>
Net cash used by investing activities	<u>(592,994)</u>	<u>(2,206,429)</u>
Cash flows from financing activities		
Proceeds from note payable	0	350,000
Payments on note payable	<u>(150,000)</u>	<u>0</u>
Net cash provided by (used in) by financing activities	<u>(150,000)</u>	<u>350,000</u>
Net increase in cash and cash equivalents	969,726	622,700
Cash and cash equivalents - beginning of year	<u>1,124,517</u>	<u>501,817</u>
Cash and cash equivalents - end of year	<u>\$ 2,094,243</u>	<u>\$ 1,124,517</u>

Reconciliation of changes in net assets to net cash provided by operating activities:

Changes in net assets	\$ 963,113	\$ 2,271,298
Reconciling adjustments:		
Depreciation	293,379	1,051
Non-cash stock donations	(194,875)	0
Loss on disposal of fixed assets	0	1,934
Changes in operating assets and liabilities		
(Increase)/decrease in assets	181,676	(183,182)
Increase in liabilities	<u>469,427</u>	<u>388,028</u>
Net cash provided by operating activities	<u>\$ 1,712,720</u>	<u>\$ 2,479,129</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CrossPurpose (the Organization) was formed in 2013 to assist families living in poverty to remove the barriers in their lives (such as inadequate education, poor support network, inability to navigate the system) that are keeping them from emerging out of poverty and becoming self-sufficient. CrossPurpose provides training, support, and connections to a network of other nonprofit partners (such as educational and employment opportunities) to support program participants in their journey out of poverty. The mission of CrossPurpose is to abolish relational, economic, and spiritual poverty through career and community development.

Until December 31, 2018, CrossPurpose operated its program directly and through its subsidiary Upstream Impact. Prior to January 1, 2017, Upstream Impact and CrossPurpose ran tandem, aligned programs using shared staff. Effective January 1, 2017, a majority of the Board of Upstream Impact resigned, Upstream Impact became a member managed organization, and CrossPurpose became the sole voting member of Upstream Impact; effectively making Upstream Impact a subsidiary of CrossPurpose. Upstream Impact retained its name, employer identification number, and 501(c)(3) status. Transactions between CrossPurpose and Upstream Impact have been eliminated in consolidation for the year ended December 31, 2018. See the supplemental consolidating statement of financial position and consolidating statement of activities. Effective December 31, 2018, the Board elected to merge Upstream Impact into CrossPurpose, with CrossPurpose remaining as the sole surviving entity.

The Organization's significant accounting policies are described below.

Basis of Presentation

The Organization's financial statements have been prepared using the accrual basis of accounting and is presented in accordance with Generally Accepted Accounting Principles (GAAP).

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable State law.

Contributions and Grants

Contributions (a principal source of revenue) are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Organization.

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants (Continued)

Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without restriction in the statement of activities.

Grants and contributions containing performance-related barriers and a right of return are recorded as revenue when the condition(s) imposed by the grantor or donor have been substantially met. When the timing of payment differs from revenue recognition (payment precedes performance), the Organization records the payment as a refundable advance.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization has determined that current operational cash needs will occasionally result in cash balances in excess of insured limits.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization considers all accounts receivable to be fully collectible; accordingly, an allowance for doubtful accounts was not recorded as of December 31, 2019 and 2018.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight-line method over estimated useful life of the property and equipment. The Organization capitalizes all property and equipment whose individual item cost is \$1,000 or more with a useful life of more than one year.

Functional Allocation of Expenses

Costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Costs have been allocated between the various programs and support services on several bases and estimates. Salaries and benefits are allocated based on time and effort. Occupancy expenses are allocated based on square footage. Other expenses are allocated based on the direct benefit to a program or supporting activity. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Tax Status

The Organization is recognized as a tax-exempt Organization under Section 501(c)(3) of the U. S. Internal Revenue Code (the Code).

The Organization is exempt from income tax under Section 501(c)(3) of the Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported Organization which is not a private foundation under Section 509(a) of the Code. The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2019. The Organization had no significant uncertain income tax position for the year ended December 31, 2019. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Preparation of the Organization's financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The management of the Organization has performed an evaluation of subsequent events through August 20, 2020, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements.

Recently Adopted Accounting Pronouncement

As of December 31, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the full retrospective approach. No adjustment to beginning net assets was necessary as result of adoption. This ASU requires entities to recognize revenue when performance of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As of December 31, 2019, the Organization early adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Contributions Received and Contributions Made*. No adjustment to beginning net assets was necessary as result of adoption. This ASU clarifies whether transactions (grants and contributions) are exchange or nonexchange and whether or not nonexchange transactions are conditional.

As of December 31, 2018, the Organization adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The ASU also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. There were no restatements to prior year as a result of adopting the amendment.

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,094,243	\$ 1,124,517
Investments (Level 1)	7,820	0
Accounts receivable	36,967	196,906
Promises to give	10,000	20,000
Note and interest receivable	0	5,076
Less: Net assets with donor restriction	<u>(48,702)</u>	<u>(565,451)</u>
Financial assets available for general expenditure	<u>\$ 2,100,328</u>	<u>\$ 781,048</u>

The Organization has a goal to raise funding from donors to address liquidity needs and increase reserves. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization may invest cash in excess of daily requirements under the oversight of the Investment Committee with priority given to preservation, income, and appreciation of capital.

NOTE 3 – PROMISES TO GIVE

	<u>2019</u>	<u>2018</u>
Unconditional promises to give	<u>\$ 10,000</u>	<u>\$ 20,000</u>
Receivable in less than one year	\$ 10,000	\$ 10,000
Receivable in one to five years	<u>0</u>	<u>10,000</u>
	<u>\$ 10,000</u>	<u>\$ 20,000</u>

The Organization considers all promises to give to be fully collectible; accordingly, an allowance for uncollectible promises to give was not recorded as of December 31, 2019 and 2018.

NOTE 4 – INVESTMENTS

The Organization values investments at fair value using a valuation hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Fair value is defined as the exit price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 inputs). The three levels of the fair value hierarchy are as follows:

Level 1 – assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – INVESTMENTS (CONTINUED)

Level 2 – assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 – assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of fair value of the assets or liabilities.

During the year ended December 31, 2019, the Organization received donated interests in illiquid limited partnerships that invest in privately-held firms around the globe (privately-held equity). Since observable prices are not available for securities owned by the partnerships, the General Partners use one or more valuation techniques (e.g. the market approach or the income approach) to estimate a fair value of the investments (Level 3). Because of the inherent uncertainty of the valuations, those estimated values may differ from the values that would have been used had a ready market for the securities existed, and the difference could be material. Accordingly, the fair value of the privately-held equity investments is a significant management estimate.

The Organization had the following investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Privately-held equity	\$ 0	\$ 0	\$ 187,055	\$ 187,055
Public equities	7,670	0	0	7,670
Cash deposits	150	0	0	150
	<u>\$ 7,820</u>	<u>\$ 0</u>	<u>\$ 187,055</u>	<u>\$ 194,875</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31,:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 2,165,158	\$ 0
Furniture & fixtures	354,580	0
Technology	246,105	0
Equipment	38,504	0
	<u>2,804,347</u>	<u>0</u>
Accumulated depreciation	(293,379)	0
	<u>2,510,968</u>	<u>0</u>
Construction in progress	0	2,206,353
	<u>\$ 2,510,968</u>	<u>\$ 2,206,353</u>

Depreciation expense for the year ended December 31, 2019 and 2018 was \$293,379 and \$1,051.

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – NOTE RECEIVABLE

	2019	2018
Note receivable related to an employee advance with and interest rate of 4%, unsecured. Monthly payments of \$156, maturing March 2019.	\$ 0	\$ 5,076

Notes receivable include accrued interest and are recorded net of any allowance for uncollectible amounts. The note was collected in the year ended December 31, 2019.

NOTE 7 – NOTE PAYABLE

	2019	2018
Note payable with Providence Bible Church, Inc. dated November 2, 2018 in the amount of \$350,000. Note carries an interest rate of 0% and matures on November 2, 2023.	\$ 200,000	\$ 350,000

Outstanding principal is payable in full upon maturity on November 2, 2023.

NOTE 8 – REVENUE RECOGNITION

Revenue is recognized when the performance of promised goods or services is transferred to customers at an amount that reflects the consideration received for those goods or services. The Organization identifies its contracts with customers and all performance obligations within those contracts. The Organization then determines the transaction price and allocates the transaction price to the performance obligations within the Organization’s contracts with customers, recognizing revenue when, or as, the Organization satisfies its performance obligations.

Revenue from contracts with customers:

For the year ended December 31, 2019

	Time of Revenue Recognition		
	Services transferred over time	Services transferred at a point in time	Total
Consulting	\$ 215,142	\$ 0	\$ 215,142
Total	\$ 215,142	\$ 0	\$ 215,142

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – REVENUE RECOGNITION (CONTINUED)

For the year ended December 31, 2018

	Time of Revenue Recognition		
	Services transferred over time	Services transferred at a point in time	Total
Consulting	\$ 7,732	\$ 0	\$ 7,732
Other	0	567	567
Total	<u>\$ 7,732</u>	<u>\$ 567</u>	<u>\$ 8,299</u>

The Organization occasionally enters into contracts with its customers which may give rise to contract assets (unbilled revenue) and contract liabilities (deferred revenue). When the timing of revenue recognition differs from the timing of payments made by customers, the Organization recognizes either unbilled revenue (its performance precedes billing date) or deferred revenue (customer payment is received in advance of performance). The Organization did not record any contract assets or liabilities as of December 31, 2019 and 2018.

NOTE 9 – IN-KIND DONATIONS

Approximately one-hundred volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as these services do not meet the criteria for recognition under GAAP.

Non-cash contributions consist of donated rents and limited partnership interests to the Organization in the amounts of \$390,831 and \$189,655, for the year ended December 31, 2019 and 2018.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2019	2018
Building fund	\$ 887,836	\$ 2,188,534
Alumni Scholarship fund	9,022	6,782
Computer fund	0	10,010
Staff deputized	0	22,140
Activate fund	900,885	13,059
Change agency	48,745	0
	<u>\$ 1,846,488</u>	<u>\$ 2,240,525</u>

CROSSPURPOSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

Net assets with donor restriction are available for the following purposes at December 31, 2019 and 2018:

	2019	2018
Building fund	\$ 0	\$ 524,291
Alumni Scholarship fund	9,197	18,219
Activate fund	0	22,941
Change agency	39,505	0
	\$ 48,702	\$ 565,451

NOTE 11 – CONCENTRATIONS

For the year ended December 31, 2019 and 2018, 40% and 57% of total contributions was received from three donors.

NOTE 12 – LEASE COMMITMENTS

The Organization used leased office space under long-term operating leases, which expire through September 2027. The ten-year lease on Richard Allen Court has annual rent of \$1 subject to various conditions. Operating lease expense totaled \$1,981 and \$65,401 for the year ended December 31, 2019 and 2018. Future minimum lease payments are immaterial.

NOTE 13 – SUBSEQUENT EVENTS

Global COVID-19 Pandemic

The 2020 outbreak of COVID-19 has been declared a pandemic and has spread to multiple global regions. The impact of this pandemic has been extensive in many aspects of society, which has resulted in significant disruptions to the global economy. In an effort to halt the outbreak of COVID-19, many governments around the world have encouraged or required that people only leave their home for essential tasks and many businesses have announced closures. This may have a negative impact on the Organization and its investments, the magnitude and duration of which is uncertain.

Paycheck Protection Program Loan

On May 1, 2020, the Organization received \$342,130 pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll and certain other expenses. The loans and accrued interest are forgivable after twenty-four weeks so long as the borrower uses the loan proceeds for eligible purposes. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The Organization intends to use the proceeds for eligible purposes and believes all loan proceeds received will be forgiven.

SUPPLEMENTARY INFORMATION

CROSSPURPOSE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31,

2018

	Cross Purpose	Upstream Impact	Elimination	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 1,124,517	\$ 0	\$ 0	\$ 1,124,517
Promise to give	20,000	0	0	20,000
Accounts receivable	196,906	0	0	196,906
Note receivable	5,076	0	0	5,076
Prepaid expenses	6,892	0	0	6,892
Property and equipment, net of accumulated depreciation	2,206,353	0	0	2,206,353
Other assets	4,769	0	0	4,769
 Total Assets	 <u>\$ 3,564,513</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 3,564,513</u>
<u>Liabilities and Net Assets</u>				
<u>Liabilities</u>				
Accounts payable	\$ 441,634	\$ 0	\$ 0	\$ 441,634
Accrued liabilities	92,390	0	0	92,390
Due to CrossPurpose	0	0	0	0
Note payable	350,000	0	0	350,000
 Total liabilities	 <u>884,024</u>	 <u>0</u>	 <u>0</u>	 <u>884,024</u>
 <u>Net assets</u>				
Without donor restriction	2,115,038	0	0	2,115,038
With donor restriction	565,451	0	0	565,451
 Total Net Assets	 <u>2,680,489</u>	 <u>0</u>	 <u>0</u>	 <u>2,680,489</u>
 Total Liabilities and Net Assets	 <u>\$ 3,564,513</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 3,564,513</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31,

2018

	Cross Purpose	Upstream Impact	Eliminations	Total
Changes in net assets without donor restriction:				
<u>Contributions, program income and other income</u>				
Contributions	\$ 1,995,080	\$ 1,196,401	\$ (83,240)	\$ 3,108,241
Net assets released from restrictions	2,240,525	0	0	2,240,525
Government grants	18,760	0	0	18,760
Program income	8,299	0	0	8,299
Other income (loss)	2,318	(1,852)	0	466
	<u>4,264,982</u>	<u>1,194,549</u>	<u>(83,240)</u>	<u>5,376,291</u>
<u>Expenses</u>				
Program services	1,346,619	982,671	(83,240)	2,246,050
General and administrative	309,415	212,228	0	521,643
Fundraising	218,950	175,147	0	394,097
Total supporting services	528,365	387,375	0	915,740
Total expenses	1,874,984	1,370,046	(83,240)	3,161,790
Changes in net assets without donor restriction	<u>2,389,998</u>	<u>(175,497)</u>	<u>0</u>	<u>2,214,501</u>
Changes in net assets with donor restriction:				
Contributions	2,297,322	0	0	2,297,322
Net assets released from restrictions	<u>(2,240,525)</u>	<u>0</u>	<u>0</u>	<u>(2,240,525)</u>
Changes in net assets with donor restriction	<u>56,797</u>	<u>0</u>	<u>0</u>	<u>56,797</u>
Changes in net assets	2,446,795	(175,497)	0	2,271,298
Net assets - beginning of year	<u>233,694</u>	<u>175,497</u>	<u>0</u>	<u>409,191</u>
Net assets - end of year	<u>\$ 2,680,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,680,489</u>

The accompanying notes are an integral part of these financial statements.