



CROSSOVER GLOBAL

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

CROSSOVER GLOBAL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Crossover Global
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Crossover Global, which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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.

Board of Directors
Crossover Global
Columbia, South Carolina

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossover Global as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Columbia, South Carolina
June 3, 2021

CROSSOVER GLOBAL

Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 105,045	\$ 271,532
Investments	504,244	446,446
Contributions receivable	560,000	420,000
Other assets	31,482	18,316
Property and equipment—net	1,094,685	1,102,446
Total Assets	\$ 2,295,456	\$ 2,258,740
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 22,372	\$ 39,013
Net assets:		
Net assets without donor restrictions	1,374,889	1,421,437
Net assets with donor restrictions	898,195	798,290
	2,273,084	2,219,727
Total Liabilities and Net Assets	\$ 2,295,456	\$ 2,258,740

See notes to financial statements

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Statement of Activities

	Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 679,772	\$ 2,281,509	\$ 2,961,281
Investment income	44,822	-	44,822
Other income	43,490	-	43,490
	768,084	2,281,509	3,049,593
NET ASSETS RELEASED FROM RESTRICTIONS:			
Administrative assessments	27,711	(27,711)	-
Satisfaction of purpose restrictions	2,153,893	(2,153,893)	-
Total Net Assets Released	2,181,604	(2,181,604)	-
Total Support and Revenue	2,949,688	99,905	3,049,593
EXPENSES:			
Program services	2,128,002	-	2,128,002
Supporting activities:			
Management and general	558,498	-	558,498
Fundraising	309,736	-	309,736
	868,234	-	868,234
Total Expenses	2,996,236	-	2,996,236
Change in Net Assets	(46,548)	99,905	53,357
Net Assets, Beginning of Year	1,421,437	798,290	2,219,727
Net Assets, End of Year	\$ 1,374,889	\$ 898,195	\$ 2,273,084

See notes to financial statements

CROSSOVER GLOBAL

Statement of Activities

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 473,131	\$ 2,346,727	\$ 2,819,858
Investment income	1,068	-	1,068
Other income	35,565	-	35,565
	509,764	2,346,727	2,856,491
NET ASSETS RELEASED FROM RESTRICTIONS:			
Administrative assessments	90,038	(90,038)	-
Satisfaction of purpose restrictions	1,737,560	(1,737,560)	-
Total Net Assets Released	1,827,598	(1,827,598)	-
Total Support and Revenue	2,337,362	519,129	2,856,491
EXPENSES:			
Program services	1,577,860	-	1,577,860
Supporting activities:			
Management and general	481,394	-	481,394
Fundraising	242,347	-	242,347
	723,741	-	723,741
Total Expenses	2,301,601	-	2,301,601
Change in Net Assets	35,761	519,129	554,890
Net Assets, Beginning of Year	1,385,676	279,161	1,664,837
Net Assets, End of Year	\$ 1,421,437	\$ 798,290	\$ 2,219,727

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 53,357	\$ 554,890
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,565	25,155
Realized and unrealized investment gains	(40,848)	(1,234)
Donated stock	(13,058)	(57,883)
Change in:		
Contribution receivable	(140,000)	(420,000)
Other assets	(13,166)	8,047
Accounts payable	(16,641)	9,542
Net Cash Provided (Used) by Operating Activities	(144,791)	118,517
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(17,804)	(9,544)
Purchase of investments	(3,892)	(9,626)
Proceeds from sale of investments	-	75,619
Net Cash Provided (Used) by Investing Activities	(21,696)	56,449
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(55,000)
Proceeds from line of credit	-	55,000
Net Cash Provided by Financing Activities	-	-
Net Change in Cash and Cash Equivalents	(166,487)	174,966
Cash and Cash Equivalents, Beginning of Year	271,532	96,566
Cash and Cash Equivalents, End of Year	\$ 105,045	\$ 271,532

See notes to financial statements

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Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

Crossover Global (Crossover) is a not-for-profit South Carolina corporation. Crossover plants multiplying churches among unreached peoples of the world. Crossover is an independent affiliate of a global ministry that mobilizes church planters from five sending bases in Brazil, Caucasus, Central Asia, Moldova, and the United States.

Crossover is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to Crossover are deductible from income taxes within the limitations prescribed by the Code. Crossover is not a private foundation under Section 509(a)(1) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Crossover are prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of highly liquid investments with original maturity dates of less than three months. These accounts may, at times, exceed federally insured limits. Crossover has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value, which is based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated securities are recorded at fair value at date of donation and thereafter carried in accordance with the above policies. Investment income and realized and unrealized gains and losses are included in unrestricted investment income unless a donor preference or law restricts their use.

Investments are also composed of certificates of deposit and variable life insurance policies. The certificates of deposit have original maturity dates exceeding 90 days and are recorded at cost plus accrued interest. The variable life insurance policies are held at cash surrender value.

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Notes to Financial Statements

December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized in the period the contribution or promise is made. Such amounts are reported at a value which is based on the expected future cash flows, excluding estimated uncollectible accounts, discounted to present value if due or receivable more than one year from the statement of financial position date. As of December 31, 2019 and 2018, Crossover had outstanding contributions receivable of \$560,000 and \$420,000, respectively. The full balance of the contributions receivable is expected to be collected during 2020.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Crossover reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Crossover reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. Crossover generally capitalizes and reports property and equipment acquisitions in excess of \$5,000.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets. The net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Crossover and changes therein are classified and reported as follows:

Net assets without donor restrictions are currently available at the direction of the board for use in Crossover's operations or invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, for the acquisition of property and equipment, or are time restricted.

All contributions are considered net assets without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

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Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Crossover.

Crossover reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of purpose restrictions. General administrative assessments are charged to support contributions to assist in general funding and administrative activities and functions of Crossover.

Gifts-in-kind include contributions of noncash assets such as property or equipment and securities. Gifts-in-kind that can be used or sold are measured at fair value. During the years ended December 31, 2019 and 2018, Crossover received donations of corporate stock in the amounts of \$13,058 and \$57,883, respectively.

Expenses are reported when costs are incurred. The costs of providing the various program services and supporting activities of Crossover have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefitted.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Crossover adopted the provisions of this new standard pertaining to contributions received during the year ended December 31, 2019. The new standard assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance (e.g. Topic 606, *Revenue from Contracts with Customers*) and (2) determining whether a contribution is conditional. Adoption of this standard had no effect on change in net assets or net assets in total.

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Notes to Financial Statements

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3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Crossover financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	December 31,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 105,045	\$ 271,532
Investments	504,244	446,446
Contributions receivable	560,000	420,000
Financial assets, at year end	<u>1,169,289</u>	<u>1,137,978</u>
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose and time restrictions	<u>(898,195)</u>	<u>(798,290)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 271,094</u>	<u>\$ 339,688</u>

In the event of an unanticipated liquidity need, Crossover also could draw upon \$125,000 of an available line of credit (as further discussed in Note 6).

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Notes to Financial Statements

December 31, 2019 and 2018

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 15,593	\$ 4,100
Cash surrender value of life insurance policies	193,140	175,128
Certificates of deposit	146,046	145,300
	<u>354,779</u>	<u>324,528</u>
Investments at fair value:		
Exchange traded funds	101,687	84,696
Mutual funds	47,778	37,222
	<u>149,465</u>	<u>121,918</u>
	<u>\$ 504,244</u>	<u>\$ 446,446</u>

Investment income consists of:

	Year Ended December 31,	
	2019	2018
Interest and dividends	\$ 4,473	\$ 393
Unrealized and realized gains	40,848	1,234
Management fees	(499)	(559)
	<u>\$ 44,822</u>	<u>\$ 1,068</u>

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5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2019	2018
Land	\$ 422,599	\$ 422,599
Building	989,238	980,855
Equipment	23,149	13,729
	<u>1,434,986</u>	<u>1,417,183</u>
Less accumulated depreciation	<u>(340,301)</u>	<u>(314,737)</u>
	<u>\$ 1,094,685</u>	<u>\$ 1,102,446</u>

6. LINE OF CREDIT:

Crossover maintains a revolving line of credit of \$125,000 with a financial institution. Interest accrues monthly at the bank's prime rate plus 0.500% per annum (5.25% and 5.75% as of December 31, 2019 and 2018, respectively). As of December 31, 2019 and 2018, there were no outstanding borrowings under this line of credit. The line of credit was renewed during June 2019 for twelve months. The indebtedness is collateralized by Crossover's land and building.

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7. FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Crossover. These expenses include depreciation, facilities maintenance, and salaries and benefits. Salaries and benefits are allocated to the function where time and effort are expended. Depreciation and facilities maintenance are allocated to the function where time and effort are expended.

	Year Ended December 31, 2019			
	Program Expenses	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,096,172	\$ 219,693	\$ 141,760	\$ 1,457,625
Ministry grants	959,240	-	-	959,240
Office supplies, equipment and printing	-	73,484	10,510	83,994
Professional services	-	57,414	-	57,414
Utilities and insurance	-	60,325	-	60,325
Events and meals	-	-	73,457	73,457
Travel	10,019	-	66,385	76,404
Depreciation and facilities maintenance	5,579	44,635	5,579	55,793
Rent expense	-	-	8,500	8,500
Bank and credit card fees	-	20,477	-	20,477
Other	56,992	82,470	3,545	143,007
Total expenses	<u>\$ 2,128,002</u>	<u>\$ 558,498</u>	<u>\$ 309,736</u>	<u>\$ 2,996,236</u>
	Year Ended December 31, 2018			
	Program Expenses	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,038,315	\$ 214,510	\$ 138,529	\$ 1,391,354
Ministry grants	457,732	-	-	457,732
Office supplies, equipment and printing	-	81,409	5,221	86,630
Professional services	-	23,606	-	23,606
Utilities and insurance	-	52,004	-	52,004
Events and meals	-	-	43,175	43,175
Travel	20,290	-	11,648	31,938
Depreciation and facilities maintenance	5,394	43,153	5,394	53,941
Rent expense	-	-	12,500	12,500
Bank and credit card fees	-	21,239	-	21,239
Other	56,129	45,473	25,880	127,482
Total expenses	<u>\$ 1,577,860</u>	<u>\$ 481,394</u>	<u>\$ 242,347</u>	<u>\$ 2,301,601</u>

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Notes to Financial Statements

December 31, 2019 and 2018

8. EMPLOYEE BENEFIT PLAN:

Crossover offers their eligible employees the opportunity to participate in a Section 403(b) Tax Deferred Annuity Plan (Plan). The Plan allows voluntary employee contributions. Crossover contributes 2% of compensation for all eligible employees. Crossover made employer contributions of \$17,062 and \$24,194 to the Plan for the years ended December 31, 2019 and 2018, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for:

	December 31,	
	2019	2018
Missionary staff funds	\$ 288,723	\$ 188,370
Church planting	40,673	173,333
Contribution receivable restricted for church planting	560,000	420,000
Brazil activity	510	6,767
Projects	7,384	8,915
Mobilization	905	905
	<u>\$ 898,195</u>	<u>\$ 798,290</u>

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:

The Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. Crossover uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Crossover measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The table on the following page presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018.

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Notes to Financial Statements

December 31, 2019 and 2018

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS, continued:

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds:				
Large value	\$ 24,082	\$ 24,082	\$ -	\$ -
Mid cap blend	28,639	28,639	-	-
Large growth	16,158	16,158	-	-
Large blend	8,856	8,856	-	-
Small value	11,741	11,741	-	-
Intermediate term bond	12,211	12,211	-	-
	<u>101,687</u>	<u>101,687</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Short term bond	10,244	10,244	-	-
Large blend	14,162	14,162	-	-
Foreign large blend	7,988	7,988	-	-
Diversified Pacific/Asia	15,384	15,384	-	-
	<u>47,778</u>	<u>47,778</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 149,465</u>	<u>\$ 149,465</u>	<u>\$ -</u>	<u>\$ -</u>

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Notes to Financial Statements

December 31, 2019 and 2018

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS, continued:

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds:				
Large value	\$ 19,630	\$ 19,630	\$ -	\$ -
Mid cap blend	23,742	23,742	-	-
Large growth	12,495	12,495	-	-
Large blend	8,017	8,017	-	-
Small value	9,675	9,675	-	-
Intermediate term bond	11,137	11,137	-	-
	<u>84,696</u>	<u>84,696</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Short term bond	9,133	9,133	-	-
Long term bond	11,246	11,246	-	-
Foreign large blend	5,177	5,177	-	-
Diversified Pacific/Asia	11,666	11,666	-	-
	<u>37,222</u>	<u>37,222</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 121,918</u>	<u>\$ 121,918</u>	<u>\$ -</u>	<u>\$ -</u>

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Notes to Financial Statements

December 31, 2019 and 2018

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS, continued:

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Exchange traded funds—Value at the closing price reported on the active market in which the individual funds are traded.

Mutual funds—The fair value of mutual funds is based on quoted net asset values of the shares held by Crossover at year-end.

Change in valuation techniques—None.

11. RELATED PARTY TRANSACTIONS:

At December 31, 2019 and 2018, investments totaling \$35,727 and \$35,400 were held at a bank where a Crossover board member is employed. During the years ended December 31, 2019 and 2018, Crossover leased property from a board member for an annual amount of \$12,500 and \$12,500, respectively. During the years ended December 31, 2019 and 2018, Crossover received contributions from members of the board of directors totaling \$93,938 and \$48,455, respectively.

12. CONCENTRATIONS:

Crossover receives significant contributions from certain donors from time to time. For the years ended December 31, 2019 and 2018, respectively, one contributor accounted for 18% and 31% of the total support and revenue. Crossover may not receive recurring contributions from this source in the future.

13. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Federal, state, and local governments have mandated various restrictions, including travel restrictions, restrictions on public gatherings, stay at home advisories, and quarantining of people who may have been exposed to the virus.

The duration of disruption and related impact cannot be reasonably estimated at this time. Crossover is monitoring contributions and mission critical expenditures. Non-personnel expenditures have been reduced or delayed as necessary. In addition, Crossover has applied for and received lending available under the Payroll Protection Program (PPP) as outlined in the CARES Act, in the amount of \$124,700. Under the provisions of the PPP, borrowers will be eligible for forgiveness of loans if certain criteria are met. Management has received notice from the Small Business Administration that this loan has been forgiven. Management believes that Crossover has sufficient reserves and liquidity to fund ongoing essential ministries through this time of uncertainty, and believes the mission of Crossover Global will not change.

Subsequent events have been evaluated through June 3, 2021 which is the date the financial statements were available to be issued.