

CROSSOVER MISSION, INC.

**Financial Statements
with
Independent Auditors' Report**

For the year ended August 31, 2023
(With Comparative Totals for 2022)

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Independent Auditors' Report

To the Board of Directors
Crossover Mission, Inc.
Vero Beach, Florida

Opinion

We have audited the accompanying financial statements of the Crossover Mission, Inc. (a nonprofit organization) which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossover Mission, Inc. as of August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crossover Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossover Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Crossover Mission, Inc.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crossover Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossover Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Crossover Mission, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham, & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

January 12, 2024

Crossover Mission, Inc.
Statement of Financial Position
August 31, 2023
(With Comparative Totals for 2022)

	2023	2022
	Total	Total (memo only)
Assets		
Current Assets:		
Cash	\$ 204,761	\$ 1,400,555
Investments	1,030,053	133,159
Grant receivable	28,237	14,151
Pledges receivable (net) - current portion	437,992	605,000
Other current assets	22,146	15,199
Total Current Assets	1,723,189	2,168,064
Other Assets:		
Pledges receivable (net) - non-current portion	694,000	440,000
Property and equipment, net	5,262,320	4,082,775
Total Other Assets	5,956,320	4,522,775
Total Assets	\$ 7,679,509	\$ 6,690,839
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 219,900	\$ 125,849
Accrued payroll liabilities	73,441	24,532
Current portion, long-term debt	177,004	4,138
Total Current Liabilities	470,345	154,519
Long-term debt, net of current portion	1,658,858	2,085,862
Total Liabilities	2,129,203	2,240,381
Without Donor Restrictions	4,203,200	2,667,734
With Donor Restrictions	1,347,106	1,782,724
Total Net Assets	5,550,306	4,450,458
Total Liabilities and Net Assets	\$ 7,679,509	\$ 6,690,839

See accompanying notes to financial statements.



Crossover Mission, Inc.
Statement of Activities and Changes in Net Assets
For the year ended August 31, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	Total (memo only)
Public Support and Revenues				
Grants	\$ 287,583	\$ -	\$ 287,583	\$ 1,029,034
Contributions	1,082,067	756,813	1,838,880	2,852,876
Program income	29,831	-	29,831	17,135
Investment income (loss)	13,337	-	13,337	(15,142)
Fundraising events, net	452,459	-	452,459	277,029
Net assets released from restriction	1,192,431	(1,192,431)	-	-
Total Revenue and other support	3,057,708	(435,618)	2,622,090	4,160,932
Expenses				
Athletics	418,267	-	418,267	309,267
Education	631,718	-	631,718	489,001
Total Functional Expenses	1,049,985	-	1,049,985	798,268
Fundraising	295,329	-	295,329	188,132
Administrative	176,928	-	176,928	173,394
Total Expenses	1,522,242	-	1,522,242	1,159,794
Increase in Net Assets	1,535,466	(435,618)	1,099,848	3,001,138
Net Assets, beginning of year	2,667,734	1,782,724	4,450,458	1,449,320
Net Assets, end of year	\$ 4,203,200	\$ 1,347,106	\$ 5,550,306	\$ 4,450,458

See accompanying notes to financial statements.



Crossover Mission, Inc.
Statement of Functional Expenses
For the year ended August 31, 2023
(With Comparative Totals for 2022)

	Program Services		Supporting Services		2023	2022
	Athletics	Education	Fundraising	Administrative	Total	(memo only)
Salaries and wages	\$ 183,826	\$ 379,327	\$ 107,755	\$ 78,647	\$ 749,555	\$ 547,275
Total Payroll	183,826	379,327	107,755	78,647	749,555	547,275
Tournament & camp expenses	31,560	8,197	-	-	39,757	51,656
Sports equipment	5,048	-	-	-	5,048	4,139
Facilities expense	64,305	64,306	-	6,769	135,380	109,507
Instruction and mentoring	-	39,624	-	-	39,624	64,668
Marketing and outreach	12,147	12,148	14,287	-	38,582	11,232
Background checks	828	827	-	-	1,655	2,161
Insurance	9,510	9,510	-	1,462	20,482	20,665
Supplies and other	2,853	9,588	-	28,320	40,761	47,367
Professional fees	8,750	8,750	173,287	60,785	251,572	174,077
Interest	44,025	44,026	-	-	88,051	55,660
Depreciation	55,415	55,415	-	945	111,775	71,387
Total Expenses	\$ 418,267	\$ 631,718	\$ 295,329	\$ 176,928	\$ 1,522,242	\$ 1,159,794

See accompanying notes to financial statements.



Crossover Mission, Inc.
Statement of Cash Flows
For the year ended August 31, 2023
(With Comparative Totals for 2022)

	2023	2022
		Total (memo only)
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,099,848	\$ 3,001,138
Adjustments to reconcile change in net assets to net cash flows provided by (used for) operating activities:		
Depreciation	111,775	71,387
Forgiveness of debt	-	(250,000)
Unrealized loss on investments	1,251	17,355
(Increase) decrease in:		
Grant receivable	(14,086)	12,502
Pledges receivable	(86,992)	(695,000)
Other current assets	(6,947)	(8,465)
Increase (decrease) in:		
Accounts payable	94,051	(11,768)
Deferred revenue	-	(281,977)
Accrued expenses	48,909	(9,517)
Net cash provided by operating activities	1,247,809	1,845,655
Cash Flows From Investing Activities:		
Purchase of investments	(1,223,093)	18,578
Sale of investments	324,948	-
Purchase of property and equipment	(1,291,320)	(3,311,733)
Net cash used for investing activities	(2,189,465)	(3,293,155)
Cash Flows From Financing Activities:		
Proceeds from long-term debt	-	2,542,241
Payments on long-term debt	(254,138)	(300,000)
Net cash provided by (used for) financing activities	(254,138)	2,242,241
Net increase (decrease) in cash	(1,195,794)	794,741
Cash and Cash Equivalents, beginning of year	1,400,555	605,814
Cash and Cash Equivalents, end of year	\$ 204,761	\$ 1,400,555
See accompanying notes to financial statements.		
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 88,051	\$ 52,602

Note 1 – Nature of Organization and Purpose

Crossover Mission, Inc. (“Crossover”) is a Florida not-for-profit organization that was incorporated on March 12, 2014. Crossover was formed to support and mentor at-risk students through after-school athletics and academic programs managed by dedicated coaches and adult mentors. Crossover is located in Vero Beach, Florida and provides its programs in the greater Vero Beach and Indian River County area.

Crossover’s activities and programs are funded from private sector donations and grants received from private and public charitable organizations. Crossover’s ability to continue operations is based upon its ability to solicit and receive future grants and donations.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, using the accrual basis of accounting.

Basis of Presentation

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor imposed restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Expenses are reported as decreases in net assets without donor imposed restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor imposed restrictions unless their use is restricted by explicit donor stipulation or by grantor agreement.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible into cash and have original maturities of three months or less.

Investments

Investments are reported in accordance with FASB ASC 320, Investments in Debt and Equity Securities. Under this topic, investments are recorded at the fair market value in the Statement of Financial Position. Realized and unrealized gains and losses are reflected in the Statement of Activities.

Property and Equipment

Property and equipment acquisitions greater than \$500 are capitalized and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the assets.

Computers and technology	3 years
Vehicles	5 years
Furniture and equipment	5-10 years
Building and improvements	28 years

Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Leases

The Organization determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreement(s). This determination of classification is complex and requires significant judgement about the Organization’s cost of funds, minimum lease payments and other lease terms. Additionally, the Organization has made the accounting policy election not to recognize right-of-use assets and lease liabilities for leases of 12 months or less and therefore, these are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

Revenue Recognition

Crossover recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. No contract liabilities were recorded for the fiscal year.

Support and Revenue

Support and revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by time, donor-imposed or contractual restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of the temporary donor-imposed, time or contractual restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue and as assets in the year the promise is received. Unconditional promises to give that are scheduled to be received in the succeeding twelve months are reflected as current promises to give and are recorded as pledges receivable at their net realizable value. Unconditional promises to give that are scheduled to be received beyond the succeeding twelve months are reflected as non-current promises to give and are recorded as pledges receivable at the present value of their net realizable value.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The significant expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll expense	Time and effort
Occupancy	Program

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)**Income Tax Status**

Crossover Mission is a not-for-profit organization that is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Crossover has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Management of Crossover Mission considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to Crossover’s status as a not-for-profit entity. Management believes Crossover met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. Crossover’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Prior Period Information

The financial statements include certain prior year summarized comparative information intended to be read only in relation to the current period figures. The comparative information was derived from Crossover Mission’s financial statements for the year ended August 31, 2022 and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year comparative figures may reflect certain reclassifications of amounts to conform to current year presentations.

Note 3 – Concentrations of Credit Risk

Crossover Mission maintains cash in financial institutions which are insured by the Federal Deposit Insurance Corporation (“FDIC”). The FDIC deposit insurance limit for cash is currently \$250,000 per depositor, per insured institution. Crossover has not experienced any losses on such amounts and does not believe it is exposed to any significant risk with respect to its cash balances.

Note 4 – Investments

The components of total investment return for the year ended August 31, 2023 are as follows:

Interest, dividends and other earnings	\$	17,011
Net realized/unrealized gain (loss) on investments		(6,039)
	\$	10,972

Investments consist of the following as of August 31, 2023:

	Cost	Fair Market Value	Net Unrealized Gains (Losses)
Cash and cash equivalents	\$ 6,072	\$ 6,072	\$ -
Government Securities	1,027,156	1,030,053	2,897
	\$ 1,033,228	\$ 1,036,125	\$ 2,897

Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 5 – Fair Value Measurements

ASC Topic 825, “Financial Instruments”, requires certain disclosures regarding the fair value of financial instruments. Crossover Mission previously adopted ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC Topic 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement.

Crossover Mission recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended August 31, 2023.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

The following methods and assumptions were used by Crossover Mission in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificates of deposit, accounts receivable, contracts receivable, inventory, accounts payable, deferred revenue, accrued liabilities, accrued vacation and long term debt: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments or because they are not subject to valuation on a recurring basis.
- Investments: The fair value of current and other investments is based on quoted market prices for those or similar investments where available.

The following is a summary of Fair Value Measurements as of August 31, 2023:

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 1,036,125	\$ 1,036,125	\$ -	\$ -
Pledges receivable (net)	1,131,992	-	-	1,131,992
	\$ 2,168,117	\$ 1,036,125	\$ -	\$ 1,131,992

Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 6 – Pledges Receivable

Outstanding pledges receivable at August 31, 2023 are expected to be realized in the following periods:

2024	\$ 437,992
2025	689,000
2026	5,000
	<u>\$ 1,131,992</u>

Outstanding pledges by program are as follows:

Program services	\$ 899,000
Summer camp	100,000
Construction and equipment	132,992
	<u>\$ 1,131,992</u>

Management has recorded an allowance of \$60,000 for pledges that they believe to be uncollectable.

Note 7 – Property and Equipment

The following is a summary of property and equipment at August 31, 2023:

	Balance 8/31/2022	Additions	Disposals	Balance 8/31/2023
Land	\$ 1,450,000	\$ -	\$ -	\$ 1,450,000
Building	700,000	-	-	700,000
Building improvements	1,345,026	361,043	-	1,706,069
Vehicles	96,617	-	-	96,617
Furniture and equipment	160,099	19,090	-	179,189
Computer and technology	68,125	20,655	-	88,780
Intangible assets	2,705	-	-	2,705
Construction in progress	484,854	1,251,575	(361,043)	1,375,386
Total property and equipment	4,307,426	1,652,363	(361,043)	5,598,746
Less: accumulated depreciation	(224,651)	(111,775)	-	(336,426)
Net property and equipment	\$ 4,082,775	\$ 1,540,588	\$ (361,043)	\$ 5,262,320

Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 8 – Insurance Note Payable

The Organization finances insurance policies utilizing a note payable to IPFS Corporation for routine insurance coverage, the initial amount financed were \$25,679 and \$64,467 at a 7% annual rate of interest, for the years ended August 31, 2022 and 2023, respectively. As of August 31, 2022, the Organization had a remaining balance on the note of \$14,057. The remaining balance on this existing note was paid off in full during the fiscal year ending August 31, 2023. On May 9, 2023, the Organization financed their policy renewals and made a required down payment of principal in the amount of \$9,909. The remaining note balance of \$54,558 is payable in 11 monthly installments of \$5,135 beginning June 14, 2023. As of August 31, 2023, the principal balance of the insurance note payable totaled \$34,888.

The remaining insurance note balances present at year end are recognized as a reduction in the Organization's prepaid insurance balance. As of August 31, 2022 and 2023, the net balances in prepaid insurance are \$11,634 and \$18,306, respectively. Interest paid during the year ended August 31, 2023 relative to the insurance financing agreements totaled \$1,475.

Note 9 – Long-Term Debt

Effective December 31, 2021, Crossover entered into a line of credit agreement with one of its directors. The terms of this note agreement enables Crossover to borrow up to \$500,000 to fund costs related to the modifications and improvements to leased real estate facilities, that Crossover has since purchased. This note carries an interest rate of 3% per year on the balance advanced, requires quarterly interest-only payments, and matures on November 1, 2023. During the year ended August 31, 2023, Crossover made no draws on the note and paid \$3,750 in interest. The outstanding balance on the note was \$125,000 as of both years ended August 31, 2022 and 2023. On November 1, 2023, a new promissory note was executed, to modify the terms of the expiring note. The terms of the new note adjust the maximum borrowing amount to \$300,000 and extend the maturity date of the note to December 31, 2025. The \$125,000 balance present as of November 1, 2023 will be subject to interest at 7% per annum, with any additional borrowings subject to interest at 5.75% per annum. Interest will be calculated on a 360 day year and will payable quarterly beginning January 1, 2024. All proceeds of the note shall be used to fund construction expenditures and equipment related to the New Crossover Center.

On January 31, 2022, Crossover entered into a mortgage agreement with Marine Bank & Trust Company in the amount of \$1,612,500 for the purchase of leased real estate in Indian River County. The underlying note is amortized over 20 years and requires interest only payments until August 28, 2023 at which time monthly interest and principal payments of \$10,040 will commence and continue for 42 months. The interest on the first 60 months of this note is 4.25%. Beginning February 28, 2027 the interest will be adjusted to the average yield of United States Treasury Securities adjusted to a constant maturity of five years plus a margin of 3.5 % adjusted if necessary to the minimum and maximum rate limitations for the loan, resulting in an initial rate of 5.047% per annum and monthly payments of \$9,470. The final payment in the amount of \$1,197,633 is due on January 28, 2032. The outstanding balance on the note as of the years ended August 31, 2022 and 2023, was \$1,612,500 and \$1,608,362, respectively. During the year ended August 31, 2023, Crossover paid \$69,483 in interest related to this note.

On January 31, 2022, Crossover entered into a loan agreement with one of its directors in the amount of \$352,500. This note is secured by a mortgage on real estate in Indian River County and carries a variable interest rate based on the rate charged to the lender on its Fidelity Margin account. The note requires interest only payments until it becomes due on February 1, 2027. The outstanding balance and interest rate on the note as of the beginning and end of the year ended August 31, 2023 was \$352,500 and \$102,500 and 5.25% and 8.00%, respectively. During the year ended August 31, 2023, Crossover paid \$18,568 in interest related to this note.

Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 9 – Long-Term Debt (continued)

Future principal and interest payments due are as follows:

	Principal	Interest	Total
2024	\$ 177,004	\$ 77,311	\$ 254,315
2025	54,485	74,198	128,683
2026	56,990	71,802	128,792
2027	151,859	71,230	223,089
2028	43,040	70,604	113,644
2029 and after	1,352,484	223,107	1,575,591
	\$ 1,835,862	\$ 588,252	\$ 2,424,114

Note 10 – Net Assets with Donor Restrictions

As of August 31, 2023, Crossover had restricted net assets consisting of resources currently available for use but limited by donor restrictions that can be fulfilled by the passing of time or removed by the activities of the organization.

Net assets with donor restrictions at August 31, 2023 are restricted for the following:

Time restricted:		
Pledges receivable		\$ 1,074,000
Purpose restricted:		
Construction and equipment		131,318
Sports equipment		46,495
College readiness program		65,000
Scholarship fund		30,293
		\$ 1,347,106

Note 11 – Net Assets Released from Donor Restrictions

Net assets released from donor restrictions during the fiscal ended August 31, 2023, were as follows:

Program services	\$ 455,000
Construction and equipment	514,460
Sports equipment	91,720
College readiness program	97,258
Scholarship fund	33,993
	\$ 1,192,431

Note 12 – Fundraising Events

During the year ended August 31, 2023, the Organization conducted a fundraising event which resulted in income of \$200,664 and expenses that were of direct benefit to the donors in the amount of \$47,234. The net income reported on the Statement of Activities related to this event totaled \$153,430.



Crossover Mission, Inc.

Notes to Financial Statements (continued)

Note 12 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of August 31, 2023 are:

Cash - operating	\$ 204,761
Pledges receivable - current portion	437,992
Grants receivable	28,237
Less:	
Amounts with donor restrictions - current portion	(242,992)
Total financial assets available for general expenditure	\$ 427,998

Additionally, Crossover funds operating needs through contributions, grants and fundraising.

Note 13 – Concentrations

Crossover received a large portion of its contributions from one funder. For the fiscal year 2023, the total contributions received from this source was approximately 25% of total revenues.

Note 14 – Related Parties

During the year ended August 31, 2022, two members had provided funding to the organization in the form of a \$352,500 second mortgage for the purchase of leased building and a \$500,000 line of credit to help provide liquidity for the planned improvements to the same property. During the year ended August 31, 2023, Crossover made interest and principal payments to the two members of the Board of Directors per the terms of their respective notes. These loans and their respective payments are described in detail in Note 9.

Note 15 – Commitments

Crossover has signed a contract for the construction of improvements to the building. At August 31, 2023, payments, including retainage, remaining under the current terms of the contracts totaled \$554,735.

Note 16 - New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Organization adopted ASU 2016-02 and its related amendments as of September 1, 2022. The adoption of ASU 2016-02 had no material effect on the financial statements for the year ended August 31, 2023.

Note 17 – Subsequent Events

Management has evaluated subsequent events through January 12, 2024, the date the financial statements were available to be issued. After consideration of the above, management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.