

**CROSSROADS COMMUNITY CHURCH, INC.  
AND SUBSIDIARY**

**August 31, 2020**

*CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT INCLUDING  
SUPPLEMENTARY INFORMATION*

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY  
TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	1
Consolidated Statements of Activities.....	2
Consolidated Statements of Cash Flows .....	4
Notes to the Consolidated Financial Statements.....	5
Supplementary Information	
Consolidating Statements of Financial Position.....	20
Consolidating Statements of Activities.....	22

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Crossroads Community Church, Inc. and Subsidiary  
Cincinnati, Ohio

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Crossroads Community Church, Inc. (a nonprofit organization) and its Subsidiary, Crossroads OSG, Inc. ("Crossroads"), which comprise the consolidated statements of financial position as of August 31, 2020 and 2019, and the related consolidated statements of activities and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated 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 the 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditors consider 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.

### Basis for Qualified Opinion

The Church's consolidated financial statements do not disclose an analysis of expenses by nature and function for the years ended August 31, 2020 and 2019. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the information discussed in the basis for qualified opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Crossroads Community Church, Inc. and its Subsidiary, as of August 31, 2020 and 2019, and the changes in their consolidated net assets and consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in the notes to the consolidated financial statements, during 2020, Crossroads Community Church, Inc. and its Subsidiary adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. Our opinion is not modified with respect to these matters.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a 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.

*VonLehman & Company Inc.*

Fort Wright, Kentucky  
December 31, 2020

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 5,604,189	\$ 2,243,139
Accounts Receivable	600,491	391,582
Promises to Give	-	2,260,000
Prepaid Expenses and Other Assets	1,005,464	1,163,933
Investments	3,093,890	429,487
Note Receivable	816,775	303,660
Loan Receivable	6,105,723	6,105,723
Property and Equipment, Net	115,008,162	122,493,748
<b>Total Assets</b>	<b>\$ 132,234,694</b>	<b>\$ 135,391,272</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts Payable	\$ 2,332,227	\$ 1,112,935
Accrued Expenses	1,183,792	1,150,673
Deferred Revenue	3,701	481,839
Line of Credit	-	18,309,475
Notes Payable	36,997,407	37,585,584
<b>Total Liabilities</b>	<b>40,517,127</b>	<b>58,640,506</b>
<b>Net Assets</b>		
Without Donor Restrictions	89,440,981	74,400,759
With Donor Restrictions	2,276,586	2,350,007
<b>Total Net Assets</b>	<b>91,717,567</b>	<b>76,750,766</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 132,234,694</b>	<b>\$ 135,391,272</b>

See accompanying notes.

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support, and Gains</b>			
Ministry Contributions	\$ 63,982,006	\$ -	\$ 63,982,006
I'm In Campaign	-	6,886,504	6,886,504
Paycheck Protection Program Revenue	-	3,600,000	3,600,000
Mission Trip Contributions	1,030,950	-	1,030,950
Camp and Preschool Income	499,522	-	499,522
Medical Debt Relief	-	320,059	320,059
Other Income	244,460	-	244,460
Interest Income	123,970	-	123,970
In-Kind Revenue	97,325	-	97,325
Net Investment Return	33,180	-	33,180
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, and Gains	66,011,413	10,806,563	76,817,976
<b>Net Assets Released From Restriction</b>	<hr/>	<hr/>	<hr/>
	10,879,984	(10,879,984)	-
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, Gains and Reclassifications	76,891,397	(73,421)	76,817,976
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Campus Operations	21,764,588	-	21,764,588
National Team Operations	15,033,357	-	15,033,357
Depreciation	10,703,174	-	10,703,174
ReachOut	5,247,188	-	5,247,188
Information and Technology	6,868,377	-	6,868,377
Interest Expense	2,234,491	-	2,234,491
	<hr/>	<hr/>	<hr/>
Total Expenses	61,851,175	-	61,851,175
	<hr/>	<hr/>	<hr/>
Change in Net Assets	15,040,222	(73,421)	14,966,801
<b>Net Assets, Beginning of Year</b>	<hr/>	<hr/>	<hr/>
	74,400,759	2,350,007	76,750,766
	<hr/>	<hr/>	<hr/>
<b>Net Assets, End of Year</b>	<u>\$ 89,440,981</u>	<u>\$ 2,276,586</u>	<u>\$ 91,717,567</u>

See accompanying notes.

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>			
Ministry Contributions	\$ 38,802,766	\$ 2,260,000	\$ 41,062,766
I'm In Campaign	-	15,413,447	15,413,447
Mission Trip Contributions	1,742,228	-	1,742,228
Camp and Preschool Income	1,368,836	-	1,368,836
Other Income	135,753	-	135,753
Interest Income	122,556	-	122,556
Gain on Sale of Property and Equipment	120,880	-	120,880
In-Kind Revenue	61,805	-	61,805
Net Investment Return	(9,729)	-	(9,729)
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, and Gains	42,345,095	17,673,447	60,018,542
<b>Net Assets Released From Restriction</b>	<hr/> 15,730,851	<hr/> (15,730,851)	<hr/> -
	<hr/>	<hr/>	<hr/>
Total Revenue, Support, Gains and Reclassifications	58,075,946	1,942,596	60,018,542
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Campus Operations	19,381,240	-	19,381,240
National Team Operations	16,034,785	-	16,034,785
Depreciation	11,541,906	-	11,541,906
ReachOut	6,298,114	-	6,298,114
Information and Technology	7,024,785	-	7,024,785
Interest Expense	2,481,777	-	2,481,777
	<hr/>	<hr/>	<hr/>
Total Expenses	62,762,607	-	62,762,607
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(4,686,661)	1,942,596	(2,744,065)
<b>Net Assets, Beginning of Year</b>	<hr/> 79,087,420	<hr/> 407,411	<hr/> 79,494,831
	<hr/>	<hr/>	<hr/>
<b>Net Assets, End of Year</b>	\$ <u>74,400,759</u>	\$ <u>2,350,007</u>	\$ <u>76,750,766</u>

See accompanying notes.

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 14,966,801	\$ (2,744,065)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	10,703,174	11,541,906
Amortization on Loan Closing Costs	16,221	16,222
Net Investment Return	(33,180)	9,729
Donated Investments	(2,318,445)	(1,782,446)
Debt Forgiveness	-	21,853
Gain on Sale of Property and Equipment	-	(120,880)
Changes in		
Accounts Receivable	(208,909)	343,294
Promises to Give	2,260,000	(2,260,000)
Prepaid Expenses and Other Assets	158,469	(554,105)
Accounts Payable	1,219,292	(691,541)
Accrued Expenses	33,119	418,843
Deferred Revenue	(478,138)	(102,012)
 Net Cash Provided by Operating Activities	 <u>26,318,404</u>	 <u>4,096,798</u>
<b>Cash Flows From Investing Activities</b>		
Issuance of Note Receivable	(513,115)	(303,660)
Payments Received on Notes Receivable	-	21,110
Proceeds from Sale of Investments	1,947,222	1,665,495
Purchase of Investments	(2,260,000)	-
Purchases of Property and Equipment	(3,217,588)	(5,835,740)
Proceeds from Sale of Property and Equipment	-	2,792,320
 Net Cash Used by Investing Activities	 <u>(4,043,481)</u>	 <u>(1,660,475)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on Notes Payable	(604,398)	(601,029)
Line of Credit Activity	(18,309,475)	(3,690,525)
 Net Cash Used by Financing Activities	 <u>(18,913,873)</u>	 <u>(4,291,554)</u>
 Net Change in Cash	 3,361,050	 (1,855,231)
 <b>Cash, Beginning of Year</b>	 <u>2,243,139</u>	 <u>4,098,370</u>
 <b>Cash, End of Year</b>	 <u><u>\$ 5,604,189</u></u>	 <u><u>\$ 2,243,139</u></u>

See accompanying notes.



**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations and Principles of Consolidation**

Crossroads Community Church, Inc. (the "Church") was incorporated as a not-for-profit church under the laws of the State of Ohio. Crossroads' mission is connecting seekers to a community of growing Christ-followers who are changing the world. Crossroads' revenue and other support are derived principally from contributions.

Crossroads OSG, Inc. ("OSG"), an Ohio Limited Liability Company, was established as a title holding corporation under Section 501(c)(2) of the Internal Revenue Code. OSG was organized exclusively for the purpose of holding title to real property, collecting income, and turning over the entire amount, less expenses, to the Church. The Church is the sole member of OSG.

The consolidated financial statements include Crossroads Community Church, Inc. and its Subsidiary ("Crossroads"). The Church has both control and an economic interest in Crossroads OSG, Inc. Under accounting principles generally accepted in the United States of America (U.S. GAAP), Crossroads is required to present consolidated financial statements reflecting the financial position and results of the operations of both entities.

Crossroads' viability is dependent on continuation of a strong congregational base along with the continued success of offered services and collection on contribution and mission trip revenue.

All significant inter-entity transactions and balances have been eliminated in consolidation.

**Use of Estimates**

The process of preparing consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the consolidated financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Accounts Receivable**

A large majority of Crossroads' accounts receivable represent credit card contributions made prior to year-end that have not been processed and transferred into Crossroads' bank account by the third party vendor until after year-end.

Accounts receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. Crossroads begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on Crossroads' collection history, the financial stability and recent payment history of the grantors and clients, and other pertinent factors. Accounts receivables are written off as uncollectable after Crossroads has used reasonable collection efforts and deems them uncollectable. Based on these criteria, no allowance for doubtful accounts or pledges has been provided at both August 31, 2020 and 2019 since Crossroads' does not expect any material losses.

**Contract Liabilities**

Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Promises to Give**

Crossroads records unconditional promises to give that are expected to be collected at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Crossroads determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Based on these criteria, no allowance for uncollectable promises to give had been provided at August 31, 2020 and 2019, since Crossroads did not expect any material losses.

**Investments**

Investments if purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less any external and direct internal investment expenses. Cash equivalents, other securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments. Crossroads' policy is to promptly sell marketable securities contributed by donors.

**Note Receivable**

The note receivable is stated at the contractual outstanding balance, net of any allowance. Crossroads evaluated the note based on the past payment history and credit worthiness of the borrower and determined that the receivable is fully collectable. Therefore, no loss allowance was established for this as of August 31, 2020 and 2019.

**Loan Receivable**

The loans receivable is related to the New Market Tax Credit (NMTC) program and is stated at the contractual outstanding balance, net of any allowance. Crossroads evaluated this loan based on the past payment history and credit worthiness of the borrower and determined that the receivable is fully collectable. Therefore, no loss allowance is established for this as of August 31, 2020 and 2019.

**Property and Equipment**

Property and equipment are stated at cost, or if donated, at fair value at the date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purpose. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized for items in excess of \$5,000.

The useful lives of property and equipment for purposes of computing depreciation are:

Buildings and Improvements	40 Years
Furniture, Fixtures, Software, and Equipment	3 – 5 Years
Vehicles	5 Years

**Loan Closing Costs**

Loan closing costs associated with the issuance of long-term debt are capitalized and amortized over the life of the associated debt using the straight-line method. The respective long term debt is presented on the consolidated statements of financial position, net of the unamortized loan closing costs.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Lived Assets**

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during both years ended August 31, 2020 and 2019.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

*Revenue from Contracts with Customers*

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. Crossroads recognizes contract revenue for financial reporting purposes at a point in time. Depending on the terms of the contract, Crossroads may defer the recognition of revenue and record a contract liability when a future performance obligation has not yet occurred.

Mission trip, camp, and preschool revenue, which are nonrefundable, are recognized at the time in which the trip, camp or preschool services are provided. Crossroads will defer any payments received prior to the time of the services. During 2020, due to the COVID 19 pandemic the majority of scheduled trips and camps were cancelled. As a result of the cancellation of trips and camps, the related deferrals previously collected were converted to contribution revenue as they are nonrefundable.

*Revenue from Contributions*

Crossroads recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Crossroads records special events revenue as contributions when received. Crossroads determines that special events have no material commensurate value received.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In April, 2020, Crossroads received funding in the amount of \$3,600,000, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable within a 24-week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains other designated thresholds. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until the date that the lender receives the forgiveness amount from the SBA. Crossroads used the proceeds for purposes consistent with the PPP. Crossroads accounts for the PPP Funding in accordance with ASC 958-605 Revenue Recognition for Nonprofit Entities. Revenue is recognized as eligible expenses and other conditions are substantially met or incurred. At August 31, 2020 Crossroads has recognized revenue of \$3,600,000 as it has determined eligible expenses and other conditions have been met.

**Donated Services, Equipment, and In-Kind Contributions**

Donations of equipment and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Crossroads.

Crossroads has significant time contributed to its mission through volunteers, however, the consolidated statements of activities does not reflect the value of these services as they do not meet recognition criteria required under U.S. GAAP.

**Advertising Costs**

Crossroads expenses advertising costs as they are incurred.

**Self-Insured Employee Health Plan Coverage and Costs**

Crossroads participates in a full self-insured health benefits plan, which provides medical benefits to employees electing coverage under the plan. The estimated liability for outstanding claims at August 31, 2020 and 2019 was \$409,000 and \$481,000, respectively. Crossroads adjusts the self-insured medical benefits reserve as Crossroads' loss experience changes due to medical inflation, changes in the number of plan participants and an aging employee base.

The plan utilizes a stop-loss insurance policy for catastrophic cases. Specific loss limits are \$125,000 per individual. In addition, there is an aggregate loss limit of \$1,000,000 annually.

**Retirement Plan**

Crossroads maintains a defined contribution retirement plan (the "Plan") under IRC Section 403(b) for all eligible employees except leased employees and employees who normally work less than 25 hours per week. The Plan provides for both employee and employer contributions. Crossroads contributes a discretionary amount up to 5% of the employee's regular salary. By its nature, the Plan is fully funded.

**Deferred Compensation Plan**

Crossroads sponsors a nonqualified deferred compensation plan for the benefit of several key management employees. Crossroads is the legal and beneficial owner of all deferred amounts, securities and earnings on the investments under the plan until the deferred amounts vest with the participants. Such amounts are subject to the general creditors of Crossroads.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Income Tax Status**

The Church is an Ohio nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to the Internal Revenue Code with the exception of unrelated business income. As a religious organization, the Church is not required to file annual federal or state informational returns. However, the Church is subject to federal income tax on any unrelated business taxable income.

The Church's IRS Form 990-T is subject to review and examination by federal and state authorities. The Church believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the consolidated financial statements.

OSG is exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code and a similar provision of Ohio law. OSG is not considered a private foundation. However, OSG is subject to federal income tax on any unrelated business taxable income.

OSG's IRS Form 990 is subject to review and examination by federal and state authorities. OSG is not aware of any activities that would jeopardize its exempt status.

Crossroads has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. Crossroads recognized no interest or penalties in the consolidated statement of activities for the years ended August 31, 2020 and 2019. If the situation arose in which Crossroads would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Church and OSG are not currently under audit nor have they been contacted by these jurisdictions.

Based on the evaluation of the Church and OSG's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended August 31, 2020 and 2019.

**Reclassification**

Certain amounts in the prior period consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year. The reclassifications had no impact on previously reported net assets.

**Recently Issued Significant Accounting Standards*****Lease Accounting Standard***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2021.

Crossroads is currently in the process of evaluating the impact of adoption of this ASU on their consolidated financial statements.

**Change in Accounting Principle**

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Crossroads has implemented Topic 606 and has adjusted the presentation in these consolidated financial statements accordingly.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Crossroads has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements.

Collectively, the new Topic 606 and 958 will be referred to as the “new guidance.”

Crossroads adopted the requirements of the new guidance as of September 1, 2019, utilizing the modified retrospective method of transition. However, the adoption of this new guidance did not result in the Crossroads changing its policies for recognizing revenue and thus no cumulative adjustment to Crossroads' net assets as of September 1, 2019 was necessary. The amounts reported in the consolidated financial statements for 2020 are the same amounts that would have been reported under the former guidance. Crossroads did apply the new guidance using the practical expedient provided in Topic 606 and 958 that allows the guidance to be applied only to contracts and contributions that weren't complete as of September 1, 2019. The effects of applying this practical expedient were not significant to the consolidated financial statements.

**Subsequent Events**

Crossroads has evaluated subsequent events through December 31, 2020, which is the date the consolidated financial statements were available to be issued.

**NOTE 2 - LIQUIDITY**

Financial assets available for general use and without donor or other restrictions or designations limiting their use, within one year of the consolidated statement of financial position are comprised of the following:

	August 31,	
	2020	2019
Cash	\$ 5,604,189	\$ 2,153,132
Accounts Receivable	600,491	391,582
Investments, Without Donor Restriction	252,388	113,728
Total Financial Assets Available	<u>\$ 6,457,068</u>	<u>\$ 2,658,442</u>

Crossroads has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The investments Crossroads held at year end were \$3,093,890 and \$429,487 in 2020 and 2019, respectively. Included in those investments are church held funds for their Leadership Scholar Program and their deferred compensation plans, as well as any donations of stock at year end that were not able to be sold prior to the end of the year. The total investments held at year end that were available for general use without donor restrictions were \$252,388 and \$113,728 as of August 31, 2020 and 2019, respectively. The entire \$252,388 held at year end was sold subsequent to year end.

**NOTE 3 - CASH AND CASH FLOWS**

For purposes of the consolidated statements of cash flows, Crossroads considers all highly liquid investments available for current use with an initial maturity of three months or less not held in an investment account to be a cash equivalent.

At various times throughout the year, Crossroads may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor.

Cash paid for interest during the year ended August 31, 2020 and 2019 was \$2,218,270 and \$2,465,555, respectively.

**NOTE 4 - INVESTMENTS**

Investments Held for Funding the Deferred Compensation Plan were as follows:

	August 31,	
	<u>2020</u>	<u>2019</u>
Mutual Funds at Fair Market Value	\$ <u>564,916</u>	\$ <u>315,759</u>

Other Investments were as follows:

Cash and Cash Equivalents	\$ 229,142	\$ 107,662
Mutual Funds and Exchange Traded Funds	2,242,971	-
Common Stocks	56,861	-
Alternative Investments	<u>-</u>	<u>6,066</u>
Total Other Investments	\$ <u>2,528,974</u>	\$ <u>113,728</u>
Total Investments	\$ <u>3,093,890</u>	\$ <u>429,487</u>

The activity on the investments held for funding the deferred compensation plan is not recognized in the consolidated statements of activities as the employee is entitled to these earnings when the qualifications have been met for the employee to receive their payment under their plan. Accordingly, these amounts are recorded as increases and decreases to the deferred compensation liability recorded on the consolidated statements of financial position.

## NOTE 5 - FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**LEVEL 1** - Inputs to the valuation methodology are unadjusted quoted prices for the identical assets or liabilities in active markets that Crossroads has the ability to access at the measurement date.

**LEVEL 2** - Inputs for the valuation methodology include quoted price for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**LEVEL 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for marketable securities measured at fair value. There have been no changes in the methodologies used at either August 31, 2020 or 2019.

Cash and Cash Equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds and Exchange Traded Funds: Valued at the quoted net asset value (NAV) of the shares held by the Church at year end.

Alternative Investments: Valued at the closing price reported on the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Church believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the operating date.



**NOTE 5 - FAIR VALUE MEASUREMENT (Continued)**

The following were measured at fair values as of August 31, 2020:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and Cash Equivalents	\$ 229,142	\$ -	\$ -	\$ 229,142
Mutual Funds and Exchange Traded Funds	2,807,887	-	-	2,807,887
Common Stocks	56,861	-	-	56,861
Total Assets at Fair Value	<u>\$ 3,093,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093,890</u>

The following were measured at fair values as of August 31, 2019:

Cash and Cash Equivalents	\$ 107,662	\$ -	\$ -	\$ 107,662
Mutual Funds and Exchange Traded Funds	315,759	-	-	315,759
Alternative Investments	-	6,066	-	6,066
Total Assets at Fair Value	<u>\$ 423,421</u>	<u>\$ 6,066</u>	<u>\$ -</u>	<u>\$ 429,487</u>

**Risks and Uncertainties**

Crossroads invests in various investment securities. Investment securities are exposed to various risk such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect account balances and amounts reported in the consolidated statements of financial position.

**NOTE 6 - NOTE RECEIVABLE**

In 2019, the Church provided a note receivable with a maximum allowed balance of \$1,000,000. The note is fully callable by the Church, with an annual interest rate of 2.6%. Currently, the Church is not requiring interest to charge on the balance. The note may be forgiven by the Church in its sole discretion. The note matures on December 31, 2021 and is collateralized by a grant of a security interest in all assets owned by the related party. The note is an interest only note with remaining outstanding balance due on the date of maturity. At August 31, 2020 and 2019, the outstanding balance was \$816,775 and \$303,660, respectively.

**NOTE 7 - LOAN RECEIVABLE**

The Church has a loan receivable related to the New Market Tax Credit that is due over 25 years and has an interest rate of 1.42%. The OSG Investment, LLC ("the Fund") will pay the Church quarterly interest-only payments on the outstanding balance for the first 28 quarterly payments beginning in December 2015 through September 2022. The Fund begins to make quarterly principal and interest payments in December 2022 through maturity in August 2040.

**NOTE 7 - LOAN RECEIVABLE (Continued)**

Future minimum principal payments are as follows:

Years Ending August 31,	
2023	\$ 160,614
2024	323,433
2025	326,680
2026	329,959
2027	333,271
Thereafter	<u>4,631,766</u>
	<u>\$ 6,105,723</u>

**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation consists of the following:

	August 31,	
	2020	2019
Land	\$ 9,747,981	\$ 9,675,790
Buildings and Improvements	119,033,890	118,610,060
Construction in Progress	363,949	574,695
Equipment	15,604,539	15,157,469
IT Equipment and Software	24,350,438	21,939,457
Furniture and Fixtures	2,191,393	2,123,551
Vehicles	<u>261,166</u>	<u>254,746</u>
	171,553,356	168,335,768
Less Accumulated Depreciation	<u>(56,545,194)</u>	<u>(45,842,020)</u>
Total Property and Equipment, Net	<u>\$ 115,008,162</u>	<u>\$ 122,493,748</u>

**NOTE 9 - ACCRUED EXPENSES**

Accrued expenses consisted of the following:

Employee Benefit Liabilities	\$ 463,685	\$ 513,759
Deferred Compensation	564,916	315,759
Other Accrued Expenses	75,239	228,125
Accrued Payroll	<u>79,952</u>	<u>93,030</u>
	<u>\$ 1,183,792</u>	<u>\$ 1,150,673</u>

**NOTE 10 - LINE OF CREDIT**

The Church has established a \$24,000,000 line of credit with a bank, collateralized by certain real estate and personal property of the Church. Amounts outstanding bear interest at the lender's deposit rate plus 2.5% (4.50% and 4.75% at August 31, 2020 and 2019, respectively). At August 31, 2020 and 2019, \$-0- and \$18,309,475, respectively was drawn on the line. The line matures in February 2022 and is subject to certain financial covenants, all of which were met at August 31, 2020.

**NOTE 11 - NOTES PAYABLE**

	August 31,	
	2020	2019
<p>The Church has a note payable with an unrelated party that bears interest at a rate of 4.4%. Monthly principal and interest payments of \$130,244 are due until the maturity date in March 2033, at which point the remaining unpaid principal and interest are due. The note is secured by mortgages on certain real and personal property owned by the Church and an assignment of interest in life insurance policies on the Senior Pastor. The note is subject to various covenants, all of which were met as of both August 31, 2020 and 2019.</p>		
	\$ 23,410,334	\$ 23,893,451
<p>The Church has a note payable related to the payoff of an assumed mortgage with an unrelated party that bears interest at a rate of 4.4%. Monthly principal and interest payments of \$29,821 are due until the maturity date in March 2033, at which point the remaining unpaid principal and interest are due. The note is secured by mortgages on certain real and personal property owned by the Church and an assignment of interests in life insurance policies on the Senior Pastor.</p>		
	5,294,850	5,416,131
<p>OSG has two note payables, related to the New Market Tax Credit, with an unrelated third party that bear interest at 1.0%, with quarterly interest only payments of \$4,562 due through September 2022. Beginning in December 2022, quarterly principal and interest payments of \$20,050 are due through maturity in August 2045.</p>		
	1,623,397	1,623,397
<p>OSG has another note payable, related to the New Market Tax Credit, that consists of two promissory notes with an unrelated third party that bear interest at 1.0%, with quarterly interest only payments of \$19,768 due through September 2022. Beginning in December 2022, quarterly principal and interest payments of \$86,869 are due through maturity in August 2045.</p>		
	7,033,664	7,033,664
Principal Amount	37,362,245	37,966,643
Less Unamortized Loan Costs	364,838	381,059
Total Notes Payable	\$ 36,997,407	\$ 37,585,584

**NOTE 11 - NOTES PAYABLE (Continued)**

Remaining maturities (not including unamortized loan closing costs) on the notes payable are as follows:

Years Ending August 31,	
2021	\$ 638,067
2022	669,572
2023	702,436
2024	989,118
2025	1,116,130
Thereafter	<u>33,246,922</u>
	<u>\$ 37,362,245</u>

**NOTE 12 - LOAN COSTS SUBJECT TO AMORTIZATION**

The following is a summary of loan closing fees subject to amortization:

	August 31,	
	2020	2019
Cost	\$ 454,149	\$ 454,149
Accumulated Amortization	<u>(89,311)</u>	<u>(73,090)</u>
Loan Closing Fees, Net	<u>\$ 364,838</u>	<u>\$ 381,059</u>

Amortization of these costs was \$16,221 and \$16,222 for the years ended August 31, 2020 and 2019, respectively. Estimated amortization for the five years subsequent and thereafter is as follows:

Years Ending August 31,	
2021	\$ 16,221
2022	16,221
2023	16,221
2024	16,221
2025	16,221
Thereafter	<u>283,733</u>
	<u>\$ 364,838</u>

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	August 30,	
	2020	2019
<b>Subject to Passage of Time</b>		
Promise to Give - Leadership Scholar Program	\$ -	\$ 2,260,000
<b>Subject to Expenditure of Specific Purpose</b>		
Leadership Scholar Program	2,276,586	90,007
Total Net Assets with Donor Restrictions	<u>\$ 2,276,586</u>	<u>\$ 2,350,007</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

<b>Subject to Expenditure of Specific Purpose</b>		
Leadership Scholar Program	\$ 73,421	\$ 317,404
I'm In Campaign	6,886,504	15,413,447
Paycheck Protection Program Revenue	3,600,000	-
Medical Debt Relief	320,059	-
	<u>\$ 10,879,984</u>	<u>\$ 15,730,851</u>

**NOTE 14 - DONATED SERVICES, EQUIPMENT, AND IN-KIND CONTRIBUTIONS**

Donated services, equipment, and in-kind contributions consisted of the following:

Professional Services	\$ 6,141	\$ 51,645
Food	1,144	5,840
Supplies	90,040	4,320
Total	<u>\$ 97,325</u>	<u>\$ 61,805</u>

**NOTE 15 - OPERATING LEASES**

The Church leases various space through lease agreements which expire at various dates through January 2038. Total lease expense (including additional charges) incurred during the years ended August 31, 2020 and 2019 was \$1,113,427 and \$1,031,725, respectively.

The following are the net minimum lease payments for the remainder of these leases:

Years Ending August 31,	
2021	\$ 1,046,578
2022	960,312
2023	988,812
2024	968,978
2025	936,478
Thereafter	<u>12,633,153</u>
	<u>\$ 17,534,311</u>

**NOTE 16 - RETIREMENT PLAN EXPENSES**

During the years ended August 31, 2020 and 2019, the Church incurred contributions and expenses related to the 403(b) plan in the amounts of \$834,256 and \$785,767, respectively.

**NOTE 17 - ADVERTISING EXPENSES**

Advertising expense was \$2,008,872 and \$427,309 for the years ended August 31, 2020 and 2019, respectively.

**NOTE 18 - RELATED PARTIES**

*Master Lease Agreement*

OSG has entered into a master lease agreement with the Church to lease property commencing the earlier of the date that improvements are substantially completed or September 2016 with a term of 30 years. The lease payments are set forth in the master lease and are receivable (payable) in quarterly installments during each lease year. For both the years ended August 31, 2020 and 2019, respectively, OSG earned \$748,638 of rental income. August 31, 2020 and 2019, rent receivable was \$1,160,872 and \$931,650, respectively. These transactions were eliminated in consolidation.

Pursuant to the master lease, future minimum rental receipts (payments) to be received in quarterly installments from the master tenant over the next five years and thereafter are as follows:

Years Ending August 31,	
2021	\$ 534,997
2022	551,052
2023	567,580
2024	584,609
2025	602,147
Thereafter	<u>17,785,458</u>
	<u>\$ 20,625,843</u>

During 2020, the Church established a new entity as a new joint venture with a related entity. The Church made total contributions toward the new entity during the year of \$500,000.

**NOTE 19 - NEW MARKET TAX CREDIT (NMTC)**

The Church financed the development and construction of a building project through the New Market Tax Credit (NMTC) program. PNC New Markets Investment Partners, LLC, a Delaware limited liability company, contributed \$2,768,874 in equity to Crossroads OSG Investment Fund, LLC (the "Fund"), an unaffiliated Delaware limited liability company. In conjunction with this equity investment, the Church made a loan of \$6,105,723 to the Fund. In turn, the Fund made two Qualified Equity Investments (QEIs) in UNIF V, LLC (UCI sub-CDE), an Ohio limited liability company and community development entity (sub-CDE), and PNC CDE 61, LP (PNC Sub-CDE), a Pennsylvania limited partnership and community development entity (sub-CDE), of \$7,251,200 and \$1,623,397, respectively. In return, the sub-CDEs allocated \$3,461,093 in New Market Tax Credits (the credits) to the Fund. Credits of \$2,827,968 were allocated to UCI sub-CDE and \$633,125 were allocated to PNC sub-CDE, pursuant to Section 45D of the Internal Revenue Code. UCI sub-CDE and PNC sub-CDE made loans to OSG for \$7,033,664 and \$1,623,397, respectively, which were used to finance the development and construction of its building project. The Church has pledged various assets as collateral for these loans.

**NOTE 19 - NEW MARKET TAX CREDIT (NMTC) (Continued)**

*Asset Management Fee Reserve*

OSG will be required to pay annual asset management fees due to UCI sub-CDE during the NMTC compliance period. Beginning December 2015, OSG is required to pay UCI sub-CDE service fees of \$36,256 and audit and tax fees of \$12,000 annually for seven years.

*Other*

After the seven-year NMTC period expires, it is anticipated that PNC New Markets Investment Partners, LLC will exercise its put option to sell its ownership interest in the Fund to the Church, or the Church will exercise its call option to buy PNC New Markets Investment Partners, LLC's ownership interest, for a predetermined amount and the Fund will be liquidated and its assets distributed to the Church. Immediately after the exit transactions are completed, the Church will be the holder of OSG's notes payable and, as such, the loan will be eliminated in the consolidated financial statements. It is anticipated that the loan will be discharged. The loan agreement also has various financial and negative covenants, including certain reporting requirements that must be met by Crossroads. Loan covenants were met as of August 31, 2020.

**NOTE 20 - CONTINGENCIES**

Prior to year-end, the World Health Organization announced a global health emergency later classified as a global pandemic as a result of the COVID-19 outbreak. The outbreak and response has impacted financial and economic markets across the World and within the United States. The full impact continues to evolve and as such, it is uncertain as to the full magnitude that the pandemic will have on the Crossroads' financial condition, liquidity, and future results of operations. Management is actively monitoring the possible effects on every aspect of Crossroads.

## **SUPPLEMENTARY INFORMATION**



**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2020**

**ASSETS**

	<b>Crossroads Community Church, Inc.</b>	<b>Crossroads OSG, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 4,780,674	\$ 823,515	\$ -	\$ 5,604,189
Accounts Receivable	600,491	-	-	600,491
Deferred Rent Receivable - Related Party	-	1,160,872	(1,160,872)	-
Prepaid Expenses and Other Assets	1,063,985	-	(58,521)	1,005,464
Investments	3,093,890	-	-	3,093,890
Note Receivable	816,775	-	-	816,775
Loan Receivable	6,105,723	-	-	6,105,723
Property and Equipment, Net	103,878,032	11,130,130	-	115,008,162
<b>Total Assets</b>	<b>\$ 120,339,570</b>	<b>\$ 13,114,517</b>	<b>\$ (1,219,393)</b>	<b>\$ 132,234,694</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>				
Accounts Payable	\$ 2,332,227	\$ -	\$ -	\$ 2,332,227
Accrued Expenses	1,183,792	-	-	1,183,792
Deferred Rent Payable - Related Party	1,160,684	-	(1,160,684)	-
Deferred Revenue	3,701	58,709	(58,709)	3,701
Notes Payable	28,664,288	8,333,119	-	36,997,407
<b>Total Liabilities</b>	<b>33,344,692</b>	<b>8,391,828</b>	<b>(1,219,393)</b>	<b>40,517,127</b>
<b>Net Assets</b>				
Without Donor Restrictions	84,718,292	4,722,689	-	89,440,981
With Donor Restrictions	2,276,586	-	-	2,276,586
<b>Total Net Assets</b>	<b>86,994,878</b>	<b>4,722,689</b>	<b>-</b>	<b>91,717,567</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 120,339,570</b>	<b>\$ 13,114,517</b>	<b>\$ (1,219,393)</b>	<b>\$ 132,234,694</b>

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2019**

**ASSETS**

	<b>Crossroads Community Church, Inc.</b>	<b>Crossroads OSG, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 1,769,666	\$ 473,473	\$ -	\$ 2,243,139
Accounts Receivable	391,582	-	-	391,582
Promises to Give	2,260,000	-	-	2,260,000
Deferred Rent Receivable - Related Party	-	931,650	(931,650)	-
Prepaid Expenses and Other Assets	1,221,181	-	(57,248)	1,163,933
Investments	429,487	-	-	429,487
Note Receivable	303,660	-	-	303,660
Loan Receivable	6,105,723	-	-	6,105,723
Property and Equipment, Net	<u>111,078,888</u>	<u>11,414,860</u>	<u>-</u>	<u>122,493,748</u>
<b>Total Assets</b>	<u>\$ 123,560,187</u>	<u>\$ 12,819,983</u>	<u>\$ (988,898)</u>	<u>\$ 135,391,272</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>				
Accounts Payable	\$ 1,112,935	\$ -	\$ -	\$ 1,112,935
Accrued Expenses	1,150,673	-	-	1,150,673
Deferred Rent Payable - Related Party	931,462	-	(931,462)	-
Deferred Revenue	481,839	57,436	(57,436)	481,839
Line of Credit	18,309,475	-	-	18,309,475
Notes Payable	<u>29,265,436</u>	<u>8,320,148</u>	<u>-</u>	<u>37,585,584</u>
<b>Total Liabilities</b>	<u>51,251,820</u>	<u>8,377,584</u>	<u>(988,898)</u>	<u>58,640,506</u>
<b>Net Assets</b>				
Without Donor Restrictions	69,958,360	4,442,399	-	74,400,759
With Donor Restrictions	<u>2,350,007</u>	<u>-</u>	<u>-</u>	<u>2,350,007</u>
<b>Total Net Assets</b>	<u>72,308,367</u>	<u>4,442,399</u>	<u>-</u>	<u>76,750,766</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 123,560,187</u>	<u>\$ 12,819,983</u>	<u>\$ (988,898)</u>	<u>\$ 135,391,272</u>

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2020**

	<b>Crossroads Community Church, Inc.</b>	<b>Crossroads OSG, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>				
Ministry Contributions	\$ 63,982,006	\$ -	\$ -	\$ 63,982,006
I'm In Campaign	6,886,504	-	-	6,886,504
Paycheck Protection Program Revenue	3,600,000	-	-	3,600,000
Mission Trip Contributions	1,030,950	-	-	1,030,950
Camp and Preschool Income	499,522	-	-	499,522
Medical Debt Relief	320,059	-	-	320,059
Other Income	243,198	749,900	(748,638)	244,460
Interest Income	123,970	-	-	123,970
In-Kind Revenue	97,325	-	-	97,325
Net Investment Return	33,180	-	-	33,180
	<u>76,816,714</u>	<u>749,900</u>	<u>(748,638)</u>	<u>76,817,976</u>
Total Revenue, Support, and Gains	\$ <u>76,816,714</u>	\$ <u>749,900</u>	\$ <u>(748,638)</u>	\$ <u>76,817,976</u>
<b>Expenses</b>				
Campus Operations	\$ 21,764,588	\$ -	\$ -	\$ 21,764,588
National Team Operations	15,767,159	14,836	(748,638)	15,033,357
Depreciation	10,396,199	306,975	-	10,703,174
ReachOut	5,247,188	-	-	5,247,188
Information and Technology	6,868,377	-	-	6,868,377
Interest Expense	2,086,692	147,799	-	2,234,491
	<u>62,130,203</u>	<u>469,610</u>	<u>(748,638)</u>	<u>61,851,175</u>
Total Expenses	<u>62,130,203</u>	<u>469,610</u>	<u>(748,638)</u>	<u>61,851,175</u>
Change in Net Assets	14,686,511	280,290	-	14,966,801
<b>Net Assets, Beginning of Year</b>	<u>72,308,367</u>	<u>4,442,399</u>	<u>-</u>	<u>76,750,766</u>
<b>Net Assets, End of Year</b>	\$ <u>86,994,878</u>	\$ <u>4,722,689</u>	\$ <u>-</u>	\$ <u>91,717,567</u>

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2019**

	<b>Crossroads Community Church, Inc.</b>	<b>Crossroads OSG, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>				
Ministry Contributions	\$ 41,062,766	\$ -	\$ -	\$ 41,062,766
I'm In Campaign	15,413,447	-	-	15,413,447
Mission Trip Contributions	1,742,228	-	-	1,742,228
Camp and Preschool Income	1,368,836	-	-	1,368,836
Other Income	135,753	748,638	(748,638)	135,753
Interest Income	122,556	-	-	122,556
Gain on Sale of Property and Equipment	120,880	-	-	120,880
In-Kind Revenue	61,805	-	-	61,805
Net Investment Return	(9,729)	-	-	(9,729)
	<u>60,018,542</u>	<u>748,638</u>	<u>(748,638)</u>	<u>60,018,542</u>
Total Revenue, Support, and Gains	\$ <u>60,018,542</u>	\$ <u>748,638</u>	\$ <u>(748,638)</u>	\$ <u>60,018,542</u>
<b>Expenses</b>				
Campus Operations	\$ 19,381,240	\$ -	\$ -	\$ 19,381,240
National Team Operations	16,768,486	14,937	(748,638)	16,034,785
Depreciation	11,235,302	306,604	-	11,541,906
ReachOut	6,298,114	-	-	6,298,114
Information and Technology	7,024,785	-	-	7,024,785
Interest Expense	2,333,978	147,799	-	2,481,777
	<u>63,041,905</u>	<u>469,340</u>	<u>(748,638)</u>	<u>62,762,607</u>
Total Expenses	<u>63,041,905</u>	<u>469,340</u>	<u>(748,638)</u>	<u>62,762,607</u>
Change in Net Assets	(3,023,363)	279,298	-	(2,744,065)
<b>Net Assets, Beginning of Year</b>	<u>75,331,730</u>	<u>4,163,101</u>	<u>-</u>	<u>79,494,831</u>
<b>Net Assets, End of Year</b>	<u>\$ 72,308,367</u>	<u>\$ 4,442,399</u>	<u>\$ -</u>	<u>\$ 76,750,766</u>