

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

August 31, 2019

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

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY  
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## 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., which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities and cash flows, for the year 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 on 2019

The Church's consolidated financial statements do not disclose an analysis of expenses by nature and function for the year ended August 31, 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 on 2019**

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, 2019, and the changes in their consolidated net assets and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinion on 2018**

In our opinion, 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, 2018, and the changes in their consolidated net assets and consolidated cash flows for the year 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 2019, Crossroads Community Church, Inc. and its Subsidiary adopted Accounting Standards Update (ASU) No 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **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 17, 2019

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

**ASSETS**

	August 31,	
	2019	2018
<b>Assets</b>		
Cash	\$ 2,243,139	\$ 4,098,370
Accounts Receivable	391,582	734,876
Pledge Receivable	2,260,000	-
Prepaid Expenses and Other Assets	1,163,933	609,828
Investments	429,487	322,265
Notes Receivable	303,660	42,963
Loan Receivable	6,105,723	6,105,723
Property and Equipment, Net	122,493,748	130,871,354
<b>Total Assets</b>	\$ 135,391,272	\$ 142,785,379

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts Payable	\$ 1,112,935	\$ 1,804,476
Accrued Expenses	1,150,673	731,830
Deferred Revenue	481,839	583,851
Line of Credit	18,309,475	22,000,000
Notes Payable	37,585,584	38,170,391
<b>Total Liabilities</b>	58,640,506	63,290,548
<b>Net Assets</b>		
Without Donor Restrictions	74,400,759	79,087,420
With Donor Restrictions	2,350,007	407,411
<b>Total Net Assets</b>	76,750,766	79,494,831
<b>Total Liabilities and Net Assets</b>	\$ 135,391,272	\$ 142,785,379

See accompanying notes.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<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)
	<u>42,345,095</u>	<u>17,673,447</u>	<u>60,018,542</u>
<b>Net Assets Released From Restriction</b>	<u>15,730,851</u>	<u>(15,730,851)</u>	<u>-</u>
	<u>58,075,946</u>	<u>1,942,596</u>	<u>60,018,542</u>
<b>Expenses</b>			
Campus Operations	19,252,777	-	19,252,777
National Team Operations	18,555,117	-	18,555,117
Depreciation	11,541,906	-	11,541,906
ReachOut	5,848,951	-	5,848,951
Information and Technology	5,082,079	-	5,082,079
Interest Expense	2,481,777	-	2,481,777
	<u>62,762,607</u>	<u>-</u>	<u>62,762,607</u>
Change in Net Assets	(4,686,661)	1,942,596	(2,744,065)
<b>Net Assets, Beginning of Year</b>	<u>79,087,420</u>	<u>407,411</u>	<u>79,494,831</u>
<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 STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>			
Ministry Contributions	\$ 34,008,250	\$ 390,000	\$ 34,398,250
I'm In Campaign	-	23,844,361	23,844,361
Mission Trip Contributions	1,529,327	-	1,529,327
Camp and Preschool Income	1,160,122	-	1,160,122
Other Income	99,754	-	99,754
Interest Income	97,394	-	97,394
Gain on Sale of Property and Equipment	3,428,629	-	3,428,629
In-Kind Revenue	117,857	-	117,857
Net Investment Return	(8,670)	-	(8,670)
	40,432,663	24,234,361	64,667,024
<b>Net Assets Released From Restriction</b>	24,091,845	(24,091,845)	-
	64,524,508	142,516	64,667,024
<b>Expenses</b>			
Campus Operations	\$ 18,978,639	-	\$ 18,978,639
National Team Operations	17,175,565	-	17,175,565
Depreciation	10,138,300	-	10,138,300
ReachOut	5,677,748	-	5,677,748
Information and Technology	5,353,514	-	5,353,514
Interest Expense	2,469,946	-	2,469,946
	59,793,712	-	59,793,712
Change in Net Assets	4,730,796	142,516	4,873,312
<b>Net Assets, Beginning of Year</b>	74,356,624	264,895	74,621,519
<b>Net Assets, End of Year</b>	\$ 79,087,420	\$ 407,411	\$ 79,494,831

See accompanying notes.

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

	<b>Years Ended August 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ (2,744,065)	\$ 4,873,312
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	11,541,906	10,138,300
Amortization on Loan Closing Costs	16,222	16,222
Net Investment Return	9,729	8,670
Donated Investments	(1,782,446)	(2,687,530)
Debt Forgiveness	21,853	21,442
Gain on Sale of Property and Equipment	(120,880)	(3,428,629)
Changes in		
Accounts Receivable	343,294	(233,697)
Pledge Receivable	(2,260,000)	-
Prepaid Expenses and Other Assets	(554,105)	64,439
Accounts Payable	(691,541)	292,292
Accrued Expenses	418,843	(1,679,048)
Deferred Revenue	(102,012)	46,784
	<u>4,096,798</u>	<u>7,432,557</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Issuance of Notes Receivable	(303,660)	-
Payments Received on Notes Receivable	21,110	-
Proceeds from Sale of Investments	1,665,495	2,511,047
Purchases of Property and Equipment	(5,835,740)	(15,450,837)
Proceeds from Sale of Property and Equipment	2,792,320	4,963,722
	<u>(1,660,475)</u>	<u>(7,976,068)</u>
<b>Net Cash Used by Investing Activities</b>		
<b>Cash Flows From Financing Activities</b>		
Payments on Notes Payable	(601,029)	(590,371)
Line of Credit Activity	(3,690,525)	3,791,593
	<u>(4,291,554)</u>	<u>3,201,222</u>
<b>Net Cash (Used) Provided by Financing Activities</b>		
	<u>(1,855,231)</u>	<u>2,657,711</u>
<b>Net Change in Cash and Restricted Cash</b>		
	<u>4,098,370</u>	<u>1,440,659</u>
<b>Cash and Restricted Cash, Beginning of Year</b>		
	<u>2,243,139</u>	<u>4,098,370</u>
<b>Cash and Restricted Cash, End of Year</b>		

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. The Church's mission is connecting seekers to a community of growing Christ-followers who are changing the world. The Church's 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. 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), NFP Inc. is required to present consolidated financial statements reflecting the financial position and results of the operations of both entities.

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 and Pledge Receivable**

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

Accounts and pledges receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts and pledges are considered past due if any portion of an account has not been paid in full within the contractual terms of the account or the anticipated due date. The Church 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 the Church's collection history, the financial stability and recent payment history of the grantors and clients, and other pertinent factors. Accounts and pledges receivables are written off as uncollectible after the Church has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts or pledges has been provided at both August 31, 2019 and 2018 since the Church does 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 (loss) 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. The Church's policy is to promptly sell marketable securities contributed by donors.

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

**Loans Receivable**

The loans receivable are related to the New Market Tax Credit (NMTC) program and are stated at the contractual outstanding balance, net of any allowance. The Church evaluated these loans based on the past payment history and credit worthiness of the borrowers and determined that the receivables are fully collectible. Therefore, no loss allowance was established for these as of August 31, 2019 and 2018.

**Notes Receivable**

The notes receivable are stated at the contractual outstanding balance, net of any allowance. The Church evaluated the notes based on the past payment history and credit worthiness of the borrowers and determined that the receivables are fully collectible. Therefore, no loss allowance was established for these as of August 31, 2019 and 2018.

**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.

**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, 2019 and 2018.

**Deferred Revenue**

Support for mission trips is deferred and recognized in the period to which the mission trip actually takes place.

**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.

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

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 is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially 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 the Church.

The Church 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**

The Church expenses advertising costs as they are incurred.

**Retirement Plan**

The Church 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. The Church contributes a discretionary amount up to 5% of the employee’s regular salary. By its nature, the Plan is fully funded.

**Deferred Compensation Plan**

The Church sponsors a nonqualified deferred compensation plan for the benefit of several key management employees. The Church 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 the Church.

**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.

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

The Church's IRS Form 990-T is subject to review and examination by federal and state authorities. Crossroads 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.

The Church has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Church recognized no interest or penalties in the consolidated statement of activities for the years ended August 31, 2019 and 2018. If the situation arose in which the Church 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's 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, 2019 and 2018.

**Recently Issued Significant Accounting Standards**

*Revenue Recognition Standard*

In May, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The core principle of the guidance is that an entity should 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 to in exchange for those goods or services. This standard may have an impact on the timing of when an entity recognizes certain revenue. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

In June, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The core principle of the guidance is to clarify and improve current guidance about whether a transfer of assets is a contribution or an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The ASU is effective for nonpublic entities for years beginning after December 15, 2018.

*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, 2020.

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

**Change in Accounting Principle**

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* (Topic 958). The core principles of the guidance are a reduction in the number of net asset categories from three to two, reporting investment return net of external and internal investment expenses, the placed-in-service approach for reporting expirations of restrictions on donated assets and enhanced disclosures regarding designations and donor restrictions, qualitative and quantitative liquidity information, expense allocation methods, expenses by natural classification and function and underwater endowments. The Church implemented ASU 2016-14 and adjusted presentation in these consolidated statements accordingly. The ASU has been applied retrospectively to all periods presented with no change in net assets.

**NOTE 2 - LIQUIDITY**

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

		August 31, 2019
Cash	\$	2,153,132
Accounts Receivable, Net		391,582
Investments		113,728
Note Receivable		303,660
Total Financial Assets Available	\$	2,962,102

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

The investments the Church held at year end were \$429,487 and included in those investments are church held funds for their deferred compensation plans and 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 \$113,728. The entire \$113,728 held at year end was sold subsequent to year end.

The Church holds a note receivable with a related party with a maturity date of December 31, 2021, however, the Church expects to receive payment in full for the note prior to August 31, 2020.

**NOTE 3 - CASH AND CASH FLOWS**

For purposes of the consolidated statements of cash flows, the Church 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, the Church 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, 2019 and 2018 was \$2,465,554 and \$2,453,724, respectively.

**NOTE 4 - PLEDGE RECEIVABLE**

Pledge receivable for the years ended August 31, 2019 and 2018 was \$2,260,000 and \$-0-, respectively. The pledge is expected to be collected in the next fiscal year.

**NOTE 5 - INVESTMENTS**

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

	August 31,	
	2019	2018
Mutual Funds at Fair Market Value	\$ 315,759	\$ 177,191

Other Investments were as follows:

Cash and Cash Equivalents	\$ 107,662	\$ 59,050
Common Stocks	-	69,507
Alternative Investments	6,066	16,517
Total Other Investments	\$ 113,728	\$ 145,074
Total Investments	\$ 429,487	\$ 322,265

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 6 - 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 the Church 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.

**NOTE 6 - FAIR VALUE MEASUREMENT (Continued)**

Following is a description 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, 2019 or 2018.

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: 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.

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

	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	\$ 107,662	\$ -	\$ -	\$ 107,662
Mutual Funds	315,759	-	-	315,759
Alternative Investments	-	6,066	-	6,066
<b>Total Assets at Fair Value</b>	<b>\$ 423,421</b>	<b>\$ 6,066</b>	<b>\$ -</b>	<b>\$ 429,487</b>

The following were measured at fair values as of August 31, 2018:

Cash and Cash Equivalents	\$ 59,050	\$ -	\$ -	\$ 59,050
Mutual Funds	177,191	-	-	177,191
Alternative Investments	-	16,517	-	16,517
Common Stocks	69,507	-	-	69,507
<b>Total Assets at Fair Value</b>	<b>\$ 305,748</b>	<b>\$ 16,517</b>	<b>\$ -</b>	<b>\$ 322,265</b>

**Risks and Uncertainties**

The Church holds various investment securities as they are donated and until they can be sold. Investment securities are exposed to various risks such as interest rate, market and credits 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 7 - NOTES RECEIVABLE**

In May, 2011 as part of a key-person retention strategy, the Church provided financing to an employee who is not the Senior Pastor, Brian Tome. The Church forgave one-eighth of the principal and accrued interest at a rate of 1.9% beginning April, 2012 until April, 2019. The annual forgiveness was contingent upon the employee's continued employment. If employment ended before maturity date, either because employee was terminated for cause or voluntary resignation, the outstanding balance of the principal and accrued interest would be paid by either the lesser of five years from the date of default or by maturity date at an interest rate of prime plus 2%. However, if the Church terminated the employee without cause, the outstanding balance of the principal and accrued interest would be paid by either the lesser of five years from the date of termination or until maturity date at an interest rate of 1.9%. The note receivable was secured by the mortgage of the employee's residence. During 2019, the employee receivable was fully forgiven by the church. As of August 31, 2019 and 2018, the outstanding balance was \$-0- and \$21,853, respectively.

In June, 2016, the Church provided financing to a second employee who is not the Senior Pastor, Brian Tome. The principal sum was \$21,110 and was fully callable by the Church, with an annual interest rate of 1.9%. The note could be forgiven by the Church in its sole discretion. During 2019, the balance was paid in full. As of August 31, 2019 and 2018, the outstanding balance was \$-0- and \$21,110, respectively.

In 2019, the Church provided a note receivable to a related party 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, 2019 and 2018, the outstanding balance was \$303,660 and \$-0-, respectively.

**NOTE 8 - 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.

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		4,631,766
	\$	6,105,723



**NOTE 9 - PROPERTY AND EQUIPMENT**

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

	August 31,	
	2019	2018
Land	\$ 9,675,790	\$ 10,721,248
Buildings and Improvements	118,610,060	120,060,268
Construction in Progress	574,695	603,268
Equipment	15,157,469	15,058,148
IT Equipment and Software	21,939,457	16,941,979
Furniture and Fixtures	2,123,551	2,540,226
Vehicles	254,746	245,851
	168,335,768	166,170,988
Less Accumulated Depreciation	(45,842,020)	(35,299,634)
Total Property and Equipment, Net	\$ 122,493,748	\$ 130,871,354

**NOTE 10 - ACCRUED EXPENSES**

Accrued expenses consisted of the following:

Employee Benefit Liabilities	\$ 513,759	\$ 297,445
Deferred Compensation	315,759	177,191
Other Accrued Expenses	228,125	141,164
Accrued Payroll	93,030	116,030
	\$ 1,150,673	\$ 731,830

**NOTE 11 - 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% (4.75% and 4.5% at August 31, 2019 and 2018, respectively). At August 31, 2019 and 2018, \$18,309,475 and \$22,000,000, 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, 2019.

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

**NOTE 12 - NOTES PAYABLE**

	August 31,	
	2019	2018
<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, 2019 and 2018.</p>	\$ 23,893,451	\$ 24,377,755
<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>	5,416,131	5,532,856
<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 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
<p>Principal Amount</p>	37,966,643	38,567,672
<p>Less Unamortized Loan Costs</p>	381,059	397,281
<p>Total Notes Payable</p>	\$ <u>37,585,584</u>	\$ <u>38,170,391</u>

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

Years Ending August 31,	
2020	\$ 794,596
2021	638,067
2022	669,572
2023	957,591
2024	1,077,157
Thereafter	33,829,660
	\$ 37,966,643

**NOTE 13 - LOAN COSTS SUBJECT TO AMORTIZATION**

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

	August 31,	
	2019	2018
Cost	\$ 454,149	\$ 454,149
Accumulated Amortization	(73,090)	(56,868)
Loan Closing Fees, Net	\$ 381,059	\$ 397,281

Amortization of these costs was \$16,222 for both years ended August 31, 2019 and 2018. Estimated amortization for the five years subsequent and thereafter is as follows:

Years Ending August 31,	
2020	\$ 16,222
2021	16,222
2022	16,222
2023	16,222
2024	16,222
Thereafter	299,949
	\$ 381,059

**NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	August 30,	
	2019	2018
<b>Subject to Passage of Time</b>		
Pledge Receivable - Leadership Scholar Program	\$ 2,260,000	\$ -
<b>Subject to Expenditure of Specific Purpose</b>		
Leadership Scholar Program	90,007	407,411
Total Net Assets with Donor Restrictions	\$ 2,350,007	\$ 407,411

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	\$ 317,404	\$ 247,484
I'm In Campaign	15,413,447	23,844,361
	\$ 15,730,851	\$ 24,091,845

**NOTE 15 - DONATED SERVICES, EQUIPMENT, AND IN-KIND CONTRIBUTIONS**

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

	August 31,	
	2019	2018
Professional Services	\$ 51,645	\$ 72,665
Food	5,840	683
Supplies	4,320	19,019
Security	-	980
Accounting	-	24,510
Total	\$ 61,805	\$ 117,857

**NOTE 16 - 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, 2019 and 2018 was \$1,031,725 and \$669,988, respectively.

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

Years Ending August 31,	
2020	\$ 1,067,639
2021	1,063,166
2022	936,932
2023	993,750
2024	948,250
Thereafter	12,888,650
	\$ 17,898,387

**NOTE 17 - RETIREMENT PLAN EXPENSES**

During the years ended August 31, 2019 and 2018, the Church incurred contributions and expenses related to the 403(b) plan in the amounts of \$785,767 and \$715,992, respectively.

**NOTE 18 - ADVERTISING EXPENSES**

Advertising expense was \$427,309 and \$455,819 for the years ended August 31, 2019 and 2018, respectively.

**NOTE 19 - 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 the years ended August 31, 2019 and 2018, respectively, OSG earned \$748,638 and \$748,450 of rental income. August 31, 2019 and 2018, rent receivable was \$931,650 and \$687,300, 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,		
2020	\$	519,416
2021		534,997
2022		551,052
2023		567,580
2024		584,609
Thereafter		18,387,605
	\$	21,145,259

During 2019, the Church entered in to an agreement with a related party to help fund startup expenses. All expenses paid for by the Church were recorded as a note receivable. At August 31, 2019, the total note receivable due from the relate party was \$303,660.

**NOTE 20 - NEW MARKET TAX CREDIT (NMTC)**

Crossroads 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. Crossroads has pledged various assets as collateral for these loans.

*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.

**NOTE 20 - NEW MARKET TAX CREDIT (NMTC) (Continued)**

*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, 2019.

**NOTE 21 - SUBSEQUENT EVENTS**

In October, 2019 the Church was notified they received tax exemption of real property for their base camp property. The Church is expected to receive a refund of all or a portion of past property tax payments made on the property for the tax years 2017 and 2018. The total paid in prior years was approximately \$66,000.

The Church has evaluated subsequent events through December 17, 2019, which is the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED 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
Pledge Receivable	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
Notes Receivable	303,660	-	-	303,660
Loan Receivable	6,105,723	-	-	6,105,723
Property and Equipment, Net	111,078,888	11,414,860	-	122,493,748
<b>Total Assets</b>	<b>\$ 123,560,187</b>	<b>\$ 12,819,983</b>	<b>\$ (988,898)</b>	<b>\$ 135,391,272</b>

**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	29,265,436	8,320,148	-	37,585,584
<b>Total Liabilities</b>	<b>51,251,820</b>	<b>8,377,584</b>	<b>(988,898)</b>	<b>58,640,506</b>
<b>Net Assets</b>				
Without Donor Restrictions	69,958,360	4,442,399	-	74,400,759
With Donor Restrictions	2,350,007	-	-	2,350,007
<b>Total Net Assets</b>	<b>72,308,367</b>	<b>4,442,399</b>	<b>-</b>	<b>76,750,766</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 123,560,187</b>	<b>\$ 12,819,983</b>	<b>\$ (988,898)</b>	<b>\$ 135,391,272</b>

See accompanying notes.



**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED AUGUST 31, 2018**

**ASSETS**

	<b>Crossroads Community Church, Inc.</b>	<b>Crossroads OSG, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 4,075,657	\$ 22,713	\$ -	\$ 4,098,370
Accounts Receivable	734,876	80,000	(80,000)	734,876
Deferred Rent Receivable - Related Party	-	687,300	(687,300)	-
Prepaid Expenses and Other Assets	651,028	-	(41,200)	609,828
Investments	322,265	-	-	322,265
Notes Receivable	42,963	-	-	42,963
Loan Receivable	6,105,723	-	-	6,105,723
Property and Equipment, Net	119,149,890	11,721,464	-	130,871,354
	<u>131,082,402</u>	<u>12,511,477</u>	<u>(808,500)</u>	<u>142,785,379</u>
<b>Total Assets</b>	<b>\$ 131,082,402</b>	<b>\$ 12,511,477</b>	<b>\$ (808,500)</b>	<b>\$ 142,785,379</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>				
Accounts Payable	\$ 1,884,476	\$ -	\$ (80,000)	\$ 1,804,476
Accrued Expenses	731,830	-	-	731,830
Deferred Rent Payable - Related Party	687,300	-	(687,300)	-
Deferred Revenue	583,851	41,200	(41,200)	583,851
Line of Credit	22,000,000	-	-	22,000,000
Notes Payable	29,863,215	8,307,176	-	38,170,391
	<u>55,750,672</u>	<u>8,348,376</u>	<u>(808,500)</u>	<u>63,290,548</u>
<b>Total Liabilities</b>	<b>55,750,672</b>	<b>8,348,376</b>	<b>(808,500)</b>	<b>63,290,548</b>
<b>Net Assets</b>				
Without Donor Restrictions	74,924,319	4,163,101	-	79,087,420
With Donor Restrictions	407,411	-	-	407,411
	<u>75,331,730</u>	<u>4,163,101</u>	<u>-</u>	<u>79,494,831</u>
<b>Total Net Assets</b>	<b>75,331,730</b>	<b>4,163,101</b>	<b>-</b>	<b>79,494,831</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 131,082,402</b>	<b>\$ 12,511,477</b>	<b>\$ (808,500)</b>	<b>\$ 142,785,379</b>

See accompanying notes.

**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>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<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>          </u>	<u>          </u>	<u>          </u>	<u>          </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	\$ 19,252,777	\$ -	\$ -	\$ 19,252,777
National Team Operations	19,288,818	14,937	(748,638)	18,555,117
Depreciation	11,235,302	306,604	-	11,541,906
ReachOut	5,848,951	-	-	5,848,951
Information and Technology	5,082,079	-	-	5,082,079
Interest Expense	2,333,978	147,799	-	2,481,777
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	63,041,905	469,340	(748,638)	62,762,607
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><u>72,308,367</u></u>	\$ <u><u>4,442,399</u></u>	\$ <u><u>-</u></u>	\$ <u><u>76,750,766</u></u>

See accompanying notes.

**CROSSROADS COMMUNITY CHURCH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2018**

	<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	\$ 34,398,250	\$ -	\$ -	\$ 34,398,250
I'm In Campaign	23,844,361	-	-	23,844,361
Mission Trip Contributions	1,529,327	-	-	1,529,327
Camp and Preschool Income	1,160,122	-	-	1,160,122
Other Income	99,754	748,450	(748,450)	99,754
Interest Income	97,394	-	-	97,394
Gain on Sale of Property and Equipment	3,428,629	-	-	3,428,629
In-Kind Revenue	117,857	-	-	117,857
Net Investment Return	(8,670)	-	-	(8,670)
	<u>64,667,024</u>	<u>748,450</u>	<u>(748,450)</u>	<u>64,667,024</u>
Total Revenue, Support, and Gains	\$ <u>64,667,024</u>	\$ <u>748,450</u>	\$ <u>(748,450)</u>	\$ <u>64,667,024</u>
<b>Expenses</b>				
Campus Operations	\$ 18,978,639	\$ -	\$ -	\$ 18,978,639
National Team Operations	17,909,616	14,399	(748,450)	17,175,565
Depreciation	9,831,694	306,606	-	10,138,300
ReachOut	5,677,748	-	-	5,677,748
Information and Technology	5,353,514	-	-	5,353,514
Interest Expense	2,322,147	147,799	-	2,469,946
	<u>60,073,358</u>	<u>468,804</u>	<u>(748,450)</u>	<u>59,793,712</u>
Total Expenses	60,073,358	468,804	(748,450)	59,793,712
Change in Net Assets	4,593,666	279,646	-	4,873,312
<b>Net Assets, Beginning of Year</b>	<u>70,738,064</u>	<u>3,883,455</u>	<u>-</u>	<u>74,621,519</u>
<b>Net Assets, End of Year</b>	<u>\$ 75,331,730</u>	<u>\$ 4,163,101</u>	<u>\$ -</u>	<u>\$ 79,494,831</u>

See accompanying notes.