

**CROSSROADS COMMUNITY SERVICES,
INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2019 AND 2018

Crossroads Community Services, Inc.
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December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crossroads Community Services, Inc.

We have audited the accompanying financial statements of Crossroads Community Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

A handwritten signature in cursive script that reads "Salmon Sims Thomas".

Salmon Sims Thomas & Associates
A Professional Limited Liability Company

May 11, 2020

Crossroads Community Services, Inc.
Statements of Financial Position
December 31, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash	\$ 1,275,561	\$ 865,800
Grants receivable	467,500	145,602
Contributions receivable	36,120	58,212
Accounts receivable	39,780	12,121
Unconditional promise to give	1,075,123	-
Inventory	737,684	30,871
Prepaid expenses	15,591	14,277
Property and equipment, net	<u>112,176</u>	<u>25,069</u>
 TOTAL ASSETS	 <u><u>\$ 3,759,535</u></u>	 <u><u>\$ 1,151,952</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 46,021	\$ 3,261
Accrued expenses	124,762	86,668
Deferred revenue	<u>230,000</u>	<u>-</u>
Total Liabilities	<u>400,783</u>	<u>89,929</u>
 Net Assets		
Without donor restrictions	1,830,979	765,139
With donor restrictions	<u>1,527,773</u>	<u>296,884</u>
Total Net Assets	<u>3,358,752</u>	<u>1,062,023</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,759,535</u></u>	 <u><u>\$ 1,151,952</u></u>

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

Crossroads Community Services, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 818,410	\$ 737,498	\$ 1,555,908
Fees for services	431,309	-	431,309
In-kind donations	7,969,757	1,357,476	9,327,233
	<u>9,219,476</u>	<u>2,094,974</u>	<u>11,314,450</u>
Net assets released from restrictions	864,085	(864,085)	-
	<u>10,083,561</u>	<u>1,230,889</u>	<u>11,314,450</u>
Total Revenues and Support			
	<u>10,083,561</u>	<u>1,230,889</u>	<u>11,314,450</u>
Expenses			
<i>Program services</i>			
Hub program	7,680,430	-	7,680,430
Pantry program	494,176	-	494,176
Partner relations	170,180	-	170,180
	<u>8,344,786</u>	<u>-</u>	<u>8,344,786</u>
<i>Supporting services</i>	268,584	-	268,584
<i>Fundraising</i>	404,351	-	404,351
	<u>9,017,721</u>	<u>-</u>	<u>9,017,721</u>
Total Expenses			
	<u>9,017,721</u>	<u>-</u>	<u>9,017,721</u>
Increase in Net Assets	<u>\$ 1,065,840</u>	<u>\$ 1,230,889</u>	<u>\$ 2,296,729</u>

The accompanying notes are an integral part of this financial statement.

Crossroads Community Services, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 590,474	\$ 572,996	\$ 1,163,470
Fees for services	140,334	-	140,334
In-kind donations	4,512,996	-	4,512,996
	<u>5,243,804</u>	<u>572,996</u>	<u>5,816,800</u>
Net assets released from restrictions	<u>355,495</u>	<u>(355,495)</u>	<u>-</u>
 Total Revenues and Support	 <u>5,599,299</u>	 <u>217,501</u>	 <u>5,816,800</u>
Expenses			
<i>Program services</i>			
Food program	4,264,646	-	4,264,646
Clothing program	769,345	-	769,345
	<u>5,033,991</u>	<u>-</u>	<u>5,033,991</u>
<i>Supporting services</i>	262,325	-	262,325
<i>Fundraising</i>	250,429	-	250,429
Total Expenses	<u>5,546,745</u>	<u>-</u>	<u>5,546,745</u>
 Increase in Net Assets	 <u>\$ 52,554</u>	 <u>\$ 217,501</u>	 <u>\$ 270,055</u>

The accompanying notes are an integral part of this financial statement.

Crossroads Community Services, Inc.
Statements of Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	Without Restrictions	With Restrictions	Total
Net Assets, December 31, 2017	\$ 712,585	\$ 79,383	\$ 791,968
Change in Net Assets	52,554	217,501	270,055
Net Assets, December 31, 2018	765,139	296,884	1,062,023
Change in Net Assets	1,065,840	1,230,889	2,296,729
Net Assets, December 31, 2019	\$ 1,830,979	\$ 1,527,773	\$ 3,358,752

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

Crossroads Community Services, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Hub Program</u>	<u>Pantry Program</u>	<u>Partner Relations</u>	<u>Management & General</u>	<u>Fundraising</u>	
Food assistance	\$ 7,125,704	\$ 79,939	\$ -	\$ -	\$ -	\$ 7,205,643
Compensation and benefits	236,186	166,928	112,708	197,848	190,891	904,561
Occupancy and utilities	211,229	89,660	41,596	42,011	41,598	426,094
Administration	34,809	28,485	14,680	12,646	22,943	113,563
Professional fees	7,500	3,088	417	15,380	81,023	107,408
Volunteer development	-	2,410	-	-	-	2,410
Repairs and maintenance	51,451	7,372	363	363	363	59,912
Partnerships	-	90,285	-	-	-	90,285
Other program expenses	13,551	26,009	416	336	67,533	107,845
	<u>\$ 7,680,430</u>	<u>\$ 494,176</u>	<u>\$ 170,180</u>	<u>\$ 268,584</u>	<u>\$ 404,351</u>	<u>\$ 9,017,721</u>

The accompanying notes are an integral part of this financial statement.

Crossroads Community Services, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Food Program</u>	<u>Clothing Program</u>	<u>Management & General</u>	<u>Fundraising</u>	
Food assistance	\$ 3,864,434	\$ -	\$ -	\$ -	\$ 3,864,434
Clothing assistance	-	699,701	-	-	699,701
Compensation and benefits	267,327	33,985	193,071	133,719	628,102
Occupancy and utilities	69,383	27,786	20,706	20,646	138,521
Administration	35,009	2,712	13,270	24,032	75,023
Professional fees	13,316	-	34,941	65,330	113,587
Volunteer development	2,728	2,152	-	310	5,190
Repairs and maintenance	10,266	2,728	337	2,326	15,657
Other program expenses	2,183	281	-	4,066	6,530
	<u>\$ 4,264,646</u>	<u>\$ 769,345</u>	<u>\$ 262,325</u>	<u>\$ 250,429</u>	<u>\$ 5,546,745</u>

The accompanying notes are an integral part of this financial statement.

Crossroads Community Services, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in Net Assets	\$ 2,296,729	\$ 270,055
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,987	1,974
Loss on disposal of assets	-	440
(Increase) Decrease in assets:		
Grants receivable	(321,898)	(94,266)
Contributions receivable	22,092	(27,591)
Accounts receivable	(27,659)	27,390
Unconditional promise to give	(1,075,123)	-
Inventory	(706,813)	39,914
Prepaid expenses	(1,314)	(28)
Increase (Decrease) in liabilities:		
Accounts payable	42,760	(4,947)
Accrued expenses	38,094	67,436
Deferred revenue	230,000	-
Net Cash Provided by Operating Activities	510,855	280,377
Cash Flows From Investing Activities		
Purchase of property and equipment	(101,094)	(25,263)
Net Cash Used in Investing Activities	(101,094)	(25,263)
 Net Increase in Cash	409,761	255,114
 Cash, beginning of year	865,800	610,686
 Cash, end of year	\$ 1,275,561	\$ 865,800

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

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

The summary of significant accounting policies of Crossroads Community Services, Inc. (Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Organization was an urban outreach of First United Methodist Church of Dallas (Church) from 2001 to July 2015, with a mission to enrich the lives of neighbors-in-need by compassionately providing tangible support and by helping people develop the strategic skills and self-discipline necessary to enjoy sustained well-being. The Organization has two primary goals: to help ensure that people have ready access to nourishing foods, and to provide nutrition and life-skills education that can help reduce obesity in impoverished areas. The Organization operated under the Church's tax exemption until July 1, 2015, at which date the Organization commenced operations under the newly formed tax-exempt corporation, Crossroads Community Services, Inc. The functional operating structure of the Organization remained unchanged. Beginning in January 2019, the Organization expanded their hub operations to include serving North Texas Food Bank (NTFB) agencies in their service area, which significantly increased the Organization's annual revenues. See Note 10 for additional information.

The Organization, funded by public and private contributions and grants, serves men, women and children of all ages, ethnicities, and religions living in Dallas County who qualify as "low-income" under federal guidelines.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments with original maturity dates of ninety days or less to be cash equivalents. The Organization places cash, which, at times, may exceed federally insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists primarily of amounts due for handling fees and consulting services provided. The accounts receivable balance as of December 31, 2019 and 2018 was \$39,780 and \$12,121, respectively. The Organization does not consider any receivables to be uncollectible; therefore, the balance in the allowance for doubtful accounts is \$0 as of December 31, 2019 and 2018.

Unconditional Promises to Give

The Organization's facility usage pledge is reported at its estimated fair value based on the donated value to the Organization of space in the NTFB building in Dallas, Texas in accordance with the facility lease agreement further described in Note 2 to these financial statements.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONT.)
Financial Statement Presentation

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period unconditional promises to give are received. Contributions of assets other than cash are recorded at their estimated fair value.

Inventory

Inventory consists of donated food items for distribution. Donated products are stated at fair market value and valued at an average of national retail prices. Inventory is recorded on a first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost when purchased or fair value at the date the equipment is donated, less accumulated depreciation. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are included in the statement of activities when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any gain or loss is included in the statement of activities.

Depreciation of furniture, equipment, and computers is calculated using the straight-line convention over the estimated useful lives of the respective assets. Estimated useful lives were as follows:

Furniture, equipment, and computers	2-7 years
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Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONT.)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording the functional allocation of expenses, depreciable lives of fixed assets, and the collectability of receivables. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocations are based on time and effort spent in each area. The expenses that are allocated include compensation and benefits, occupancy, administration, and repairs and maintenance, along with other program expenses. All other natural expense categories using the key concept of direct conduct or direct supervision are 100% charged to the benefiting program or support service.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. Prior to July 2015, the Organization operated as an outreach of the First United Methodist Church of Dallas and was part of the United Methodist Church's group exemption. In January 2015, the Organization separately incorporated, filed for, and received separate exemption, and commenced operations under the new tax-exempt corporation on July 1, 2015. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. Federal and state tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONT.)

Service Fees

The Organization charges certain recipient food assistance partners a fee on a per-pound basis on selected categories of products to partially offset the handling and redistribution costs incurred by the Organization. Food assistance partners take the donated food and redistribute it, at no cost, to low-income families and individuals in need of nutritious food.

Concentration

The Organization receives contributions and provides services to ministries and people in the Dallas, Texas area in which the Organization is located.

Date of Management's Review

The Organization has evaluated subsequent events through May 11, 2020, the date the financial statements were available to be issued. See Note 12.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded the previous revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The statement is effective for annual periods beginning after December 15, 2018. The Organization adopted this update in fiscal year 2019, which affected its recognition of a conditional grant agreement signed during the year. Because of the conditions of the grant agreement, the amount that is to be received in future years of \$230,000 is recorded as deferred revenue, rather than recognized as revenue in the year of the signed agreement.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*, as an update to ASC 230, Statement of Cash Flows. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The updated guidance is effective for annual periods beginning after December 15, 2018, and interim periods within the fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The new guidance should be applied on a retrospective basis. The updated guidance results in a change in the statements of cash flows to include restricted cash and restricted cash equivalents. The Organization adopted this update in fiscal year 2019. No other material impact is expected.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONT.)
Recent Accounting Pronouncements (Cont.)

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position.

The new standard is effective for private entities for annual periods beginning after December 15, 2020. The Organization is currently assessing the impact that adoption of ASU 2016-02 will have on its statements of activities, but it expects that it will not result in a significant increase in the long-term assets given the Organization does not have many leases currently. The Organization will be adopting this update in fiscal year 2021.

NOTE 2: UNCONDITIONAL PROMISE TO GIVE

The unconditional promise to give reported in the accompanying statements of financial position is comprised of the estimated fair value of the donated use to the Organization of space in the NTFB building in Dallas, Texas, which is further described in Note 5 of these financial statements.

The lease is being accounted for as an unconditional grant, which was valued by determining what the Organization would have paid for a building serving similar purposes. Using a discount rate of 2%, the imputed rental rate amounts to approximately \$282,000 annually, which is reflected as rent expense and the amortized discount amount of \$5,647 is recorded as in-kind donations on the statement of activities for the year ended December 31, 2019.

The unconditional promises to give consisted of the following at December 31, 2019:

5-year building lease	\$ 1,152,000
Less unamortized discount	<u>(76,877)</u>
Net unconditional promises to give	<u>\$ 1,075,123</u>
Amounts due in:	
Less than one year	\$ 276,817
One year to five years	<u>798,306</u>
	<u>\$ 1,075,123</u>

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2: UNCONDITIONAL PROMISE TO GIVE (CONT.)

Unconditional promises to give due in more than one year are reflected at the present value of estimated cash flows using a discount rate of 2%. No allowance for uncollectible promises to give was considered by management to be necessary as of December 31, 2019.

NOTE 3: PROPERTY AND EQUIPMENT

At December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Furniture and equipment	\$ 146,233	\$ 45,139
Less accumulated depreciation	(34,057)	(20,070)
	\$ 112,176	\$ 25,069

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$13,987 and \$1,974, respectively.

NOTE 4: GRANT COMMITMENTS

Grants approved and committed for future payments are approximately as follows as of December 31, 2019:

2020	\$ 171,300
2021	57,000
	\$ 228,300

Grant commitments consist of payments due to the partnering organizations of the Caruth Fund grant agreement. These conditional grants totaled approximately \$228,300 and \$0 at December 31, 2019 and 2018, respectively, and are not recorded as an expense or a liability in the statements of financial position or statements of activities until the conditions are substantially met by the grantee. Substantially all conditional grants are contingent upon the grantee achieving the milestones specified in the terms of the Caruth Fund grant agreement.

NOTE 5: OPERATING LEASE

The Organization previously rented its facilities on a month-to-month basis from January 2000 to December 2018. The base rent for the lease was \$10 per month, with the Organization also required to pay the pro-rata share of operating expenses such as security, utilities, and maintenance. Estimated operating expenses per month totaled approximately \$4,600. The difference between rent charged and fair market value of rent was considered donated rent.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 5: OPERATING LEASE (CONT.)

The Organization now rents its facilities from the NTFB. The base rent for the lease is \$1 per year for a five-year term from January 1, 2019 through December 31, 2023. The term will automatically renew for successive one-year extensions thereafter, unless one or both parties provide six-months-advance written notice of their intent not to renew. The Organization is also required to pay the pro-rata share of operating expenses such as security, utilities, and maintenance. Estimated operating expenses per month total approximately \$9,400.

The aforementioned lease is recorded as an unconditional promise to give in the statements of financial position. See Note 2.

NOTE 6: CONTRIBUTIONS AND GRANTS RECEIVABLE

As of December 31, 2019 and 2018, contributions and grants receivable consisted of receivables (primarily from corporations and foundations) due in one year or less. Because all amounts are due in one year or less, a discount to present value was not material or required. Further, no allowance for doubtful accounts was considered necessary.

NOTE 7: CONTRIBUTED GOODS AND SERVICES

In-kind donations of food products are valued at an average cost based on national retail prices. The Organization received approximately 4.6 million pounds of food during the year ended December 31, 2019 and 2.2 million pounds during the year ended December 31, 2018. In-kind donations of clothing are valued at an average cost of thrift store valuation for like items.

For the years ended December 31, 2019 and 2018, the Organization received and recognized contributed goods and services as follows:

	2019	2018
Food	\$ 7,809,980	\$ 3,746,986
Clothing	-	699,118
Services	53,223	2,688
Rent	1,363,123	64,204
Miscellaneous	100,907	-
	\$ 9,327,233	\$ 4,512,996

These amounts are included as contributions and expenses without donor restrictions in the accompanying financial statements, with the exception of donated rent, which is restricted due to time.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019 and 2018, net assets with donor restrictions consisted of the following:

	2019	2018
Time Restricted	\$ 1,071,976	\$ 5,740
Transition with NTFB	-	291,144
Build Health	248,735	-
Food	27,463	-
Summer Intern Program	310	-
Caruth Fund	159,277	-
Hoblitzelle	12	-
Summer Feeding Program	20,000	-
	\$ 1,527,773	\$ 296,884

Net assets released from restrictions during 2019 and 2018 were as follows:

	2019	2018
Time Restriction	\$ 360,090	\$ 124,603
Transition with NTFB	291,144	141,021
Rebuild CDP Network	-	27,300
Food	17,537	60,000
Clothing	-	557
Summer Intern Program	3,338	2,014
Build Health	1,265	-
Caruth Fund	110,723	-
Hillcrest	30,000	-
Hoblitzelle	49,988	-
	\$ 864,085	\$ 355,495

NOTE 9: RETIREMENT PLAN

Effective January 1, 2016, the Organization made available, for all employees, a Simple IRA retirement plan, which is managed by a third-party entity. Eligible employees could make contributions, subject to certain limitations, on a pretax basis. Further, the Organization made a matching contribution to the plan of up to 3% of the employee's salary on an annual basis. The Organization made a matching contribution for the years ended December 31, 2019 and 2018 of approximately \$17,000 and \$12,000, respectively.

Crossroads Community Services, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 10: COMMITMENTS

Since 2011, the Organization has been serving Community Distribution Partners as a Redistribution Organization (RDO) for the NTFB, another 501(c)(3) organization and a member of Feeding America. Upon signing a new RDO contract on July 17, 2018, the NTFB entrusted the Organization with their 72,000 sq. ft. distribution facility (the Pollock Campus) on a rent-free basis and expanded their service area to include Ellis and Navarro counties; in addition, the Organization now serves NTFB Agencies. As an RDO, the Organization is purposed with the logistical transfer of food and grocery product which includes Product Distribution Management, Partner Relations Management, Food Solicitation, Fundraising, Media and Community Relations for hunger-related activities.

During the year ended December 31, 2018, the NTFB contributed \$422,115 towards the Organization's first year operating in the Pollock Campus. The funds were designated expenses such as facility upgrades, staffing cost, consulting fees and other expenses as outlined in the agreement. This donation is included as contributions with donor restrictions in the accompanying financial statements.

NOTE 11: LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have seasonal variations throughout the year resulting from receipts from donors and a concentration of contributions received near the end of the year. As part of the Organization's management of liquidity, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization's goal is to maintain financial assets consisting of cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$370,000. As of December 31, 2019 and 2018, cash balances were \$1,275,561 and \$865,800, respectively.

The following reflects the Organization's financial assets, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position:

	2019	2018
Financial assets at year end	\$ 1,818,961	\$ 1,081,735
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(458,297)	(296,884)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,360,664	\$ 784,851

Crossroads Community Services, Inc.
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NOTE 12: SUBSEQUENT EVENTS

In early 2020, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state, and local authorities, leading to an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Organization cannot be reasonably estimated at this time. However, the Organization received funding of \$180,357 in May 2020 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Paycheck Protection Program (PPP) to provide payroll assistance. Management believes the government assistance will provide the Organization with its needed liquidity for the foreseeable future.