

CROSSROADS FUND, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2002
WITH COMPARATIVE TOTALS FOR 2001

CROSSROADS FUND, INC.

CONTENTS

Independent Auditor's Report	1
<u>Financial Statements</u>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Board of Directors
Crossroads Fund, Inc.

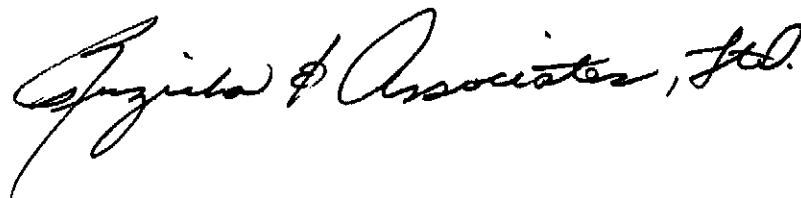
Independent Auditor's Report

We have audited the accompanying statements of financial position of Crossroads Fund, Inc. at June 30, 2002, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads Fund, Inc. at June 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 29, 2002

A handwritten signature in cursive script that reads "Ruzicka & Associates, Ltd." The signature is written in dark ink and is positioned to the right of the date.

CROSSROADS FUND, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2002 WITH COMPARATIVE TOTALS FOR JUNE 30, 2001

	2002					2001 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
General	Fixed Assets	Total				
ASSETS						
Current assets:						
Cash	\$ 346	346			346	\$ 2,515
Investments	44,666	44,666	92,546	10,000	147,212	213,187
Receivables	5,000	5,000	24,200		29,200	67,388
Prepaid expenses	3,581	3,581			3,581	1,616
Deposit	581	581			581	581
Total current assets	54,174	54,174	116,746	10,000	180,920	285,287
Office equipment, net of accum- ulated depreciation of \$41,007 and \$39,861 in 2002 and 2001 respectively		2,809	2,809		2,809	3,954
Total assets	\$ 54,174	2,809	56,983	116,746	183,729	\$ 289,241
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 646	646			646	\$ 44
Grants payable	2,293	2,293			2,293	87,000
Total current liabilities	2,939	2,939			2,939	87,044
Net assets:	51,235	2,809	54,044	116,746	180,790	202,197
Total liabilities and net assets	\$ 54,174	2,809	56,983	116,746	183,729	\$ 289,241

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE TOTALS FOR 2001

	2002				Total Expenses	2001 Comparative Totals
	Program Services	Administrative	Fund Raising	Total		
Grants	\$ 187,653				187,653	\$ 202,425
Wages	88,547	28,663	48,774	77,437	165,984	135,800
Payroll taxes	6,890	2,236	3,801	6,037	12,927	10,592
Employee benefits	12,716	4,127	7,014	11,141	23,857	7,667
Occupancy	9,657	3,135	5,327	8,462	18,119	17,547
Postage and printing	8,254	2,679	4,553	7,232	15,486	4,636
Publicity and program expenses	7,132				7,132	10,718
Office supplies	657	213	362	575	1,232	1,435
Equipment and maintenance	3,505	1,137	1,933	3,070	6,575	7,617
Travel and meetings	1,503	488	829	1,317	2,820	4,699
Professional fees	14,368	3,471	8,350	11,821	26,189	16,719
Dues and subscriptions	8,753				8,753	9,696
Telephone	1,517	493	837	1,330	2,847	4,027
Insurance	929	302	512	814	1,743	2,275
Depreciation	610	198	337	535	1,145	939
Staff recruiting and development	475				475	791
Other	749	828	413	1,241	1,990	1,534
Total	\$ 353,915	47,970	83,042	131,012	484,927	\$ 439,117

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE TOTALS FOR 2001

	2002					2001 Comparative Totals
	General	Unrestricted Fixed Assets	Total	Temporarily Restricted	Permanently Restricted	
Support and revenue -						
Contributions						
Funding Exchange endowment share	\$ 57,468		57,468			\$ 54,796
Foundation grants	140,600		140,600			30,000
Individuals	191,145		191,145	13,000		242,233
Net assets released from restriction	27,707		27,707	(27,707)		10,001
Investment income	2,820		2,820	782	3,602	
Special events						
Proceeds	67,964		67,964		67,964	39,658
Expenses	(12,849)		(12,849)		(12,849)	(10,518)
Other	2,590		2,590		2,590	3,438
Total support and revenue	477,445		477,445	(13,925)	463,520	369,608
Expenses -						
Program services	353,305	610	353,915		353,915	328,740
Support services	130,477	535	131,012		131,012	110,377
Total expenses	483,782	1,145	484,927		484,927	439,117
Change in net assets	(6,337)	(1,145)	(7,482)	(13,925)	(21,407)	(69,509)
Net assets, beginning of year	57,572	3,954	61,526	130,671	10,000	202,197
Net assets, end of year	\$ 51,235	2,809	54,044	116,746	10,000	\$ 180,790

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2002 WITH COMPARATIVE TOTALS FOR 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Change in net assets	\$ (21,407)	\$ (69,509)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,145	939
Decrease (increase) in program and other receivables	38,188	(30,588)
(Increase) decrease in prepaid expenses	(1,965)	168
Increase (decrease) in accounts payable and accrued expenses	602	(803)
(Decrease) increase in grants payable	<u>(84,707)</u>	<u>57,500</u>
Net cash used by operating activities	<u>(68,144)</u>	<u>(42,293)</u>
Cash flows from investing activities:		
Decrease in investments	65,975	15,430
Purchase of fixed assets	<u> </u>	<u>(3,726)</u>
Net cash used in investing activities	<u>65,975</u>	<u>11,704</u>
Net decrease in cash	(2,169)	(30,589)
Cash at beginning of year	<u>2,515</u>	<u>33,104</u>
Cash at end of year	<u>\$ 346</u>	<u>\$ 2,515</u>

See independent auditor's report and notes to financial statements.

CROSSROADS FUND, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

1. Summary of significant accounting policies:

The accompanying financial statements are presented in accordance with the Statement of Accounting Standards No. 117 "Financial Statements of Not-For-Profit Organizations".

Office equipment

These assets are carried at cost or at estimated value on date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (five to eight years).

Revenue and expense recognition

Revenue and expenses are recorded on the accrual basis of accounting. All contributions are considered to be available for unrestricted use unless otherwise specifically restricted by donors. Contributions are recorded and recognized as income when notice of award is received. Restricted contributions are recorded as revenue in temporarily restricted net assets if limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of Crossroads Fund or in permanently restricted net assets if such contributions are non-expendable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Crossroads Fund receives donations of services from various volunteers. No amounts are reflected in the accounts for donated services, as no clearly measurable basis is available to measure such services.

Investments in marketable securities are carried at market value.

Estimates

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

2. **Net assets:**

Crossroads Fund classifies its net assets into three categories:

Unrestricted net assets include all of the unrestricted support and revenue of Crossroads Fund, all of the expenses of Crossroads Fund, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors.

Temporarily restricted net assets include all the restricted support and revenue of Crossroads Fund. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

Permanently restricted net assets include funds received from donors with the stipulation that they be permanently retained by Crossroads Fund in perpetuity and that only the income and/or use of the assets are available to Crossroads Fund.

3. **Income taxes:**

Crossroads Fund is exempt from federal taxes under section 501(c)(3) of the Internal Revenue Code.

4. **Lease commitment:**

Effective September 1, 2002, Crossroads entered into a two-year lease extension through August 30, 2004. Future rental expenses are as follows:

2003	\$17,115
2004	17,626
2005	2,952

5. **Investments:**

Investments are valued at market and consist of money market and savings accounts.

6. **Permanently restricted net assets:**

In December 1991, Crossroads received a \$10,000 donation earmarked for establishment of an endowment fund to help assure the perpetuity of Crossroads Fund programs.

7. **Temporarily restricted net assets:**

Temporarily restricted net assets are available for the following:

Reserve Fund	\$ 50,000
Donor advised grants	22,831
Social Justice fund	14,250
Women's Justice fund	<u>29,665</u>
Total	<u>\$116,746</u>

Temporarily restricted net assets were released from restrictions as follows:

Program expenses incurred	\$ 17,657
Donor advised grants made	<u>10,050</u>
Total	<u>\$ 27,707</u>

8. **Comparative financial information:**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Crossroads Fund's financial statements for the year ended June 30, 2001, from which the summarized information was derived.