

CROSSROADS FUND, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE TOTALS FOR 2003

CROSSROADS FUND, INC

CONTENTS

Independent Auditor's Report	1
Financial Statements	
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

PW & ASSOCIATES, LLP

Certified Public Accountants

115 S. Wilke Road, Suite 200A
Arlington Heights, IL 60005
Phone 847-577-6686
Fax 847-577-6788
e-mail admin.pwa@sbcglobal.net

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, 2004, 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, 2004, 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.

PW & Associates, LLP

September 23, 2004

PW & Associates, LLP

CROSSROADS FUND, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004 WITH COMPARATIVE TOTALS FOR JUNE 30, 2003

	2004					2003 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	General	Fixed Assets				
ASSETS						
Current assets:						
Cash	112,034		112,034	41,584	10,000	163,618
Investments	13,012		13,012	23,532		36,544
Receivables	718		718	6,200		6,918
Prepaid Expenses	1,992		1,992			1,992
Deposit	2931		2,931			2,931
Total current assets	130,687		130,687	71,316	10,000	212,003
Office equipment, net of accumulated depreciation of \$43,323 and \$42,052 in 2004 and 2003 respectively		3,941	3,941			3,941
Total assets	130,687	3,941	134,628	71,316	10,000	215,944
LIABILITIES AND NET ASSTS						
Current liabilities:						
Accounts payable and accrued liabilities	1,684		1,684			1,684
Grants payable						
Total current liabilities	1,684		1,684			1,684
Net assets:	129,003	3,941	132,944	71,316	10,000	214,260
Total liabilities and net assets	130,687	3,941	134,628	71,316	10,000	215,944

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, 2004 WITH COMPARATIVE TOTALS FOR 2003

	2004					2003 Comparative Totals	
	Unrestricted			Temporarily Restricted	Permanently Restricted		Total
	General	Fixed Assets	Total				
Support and revenue -							
Contributions							
Funding Exchange endowment share	51,792		51,792		51,792	\$ 56,456	
Foundation grants	56,752	2,448	59,200	12,500	71,700	71,500	
Individuals	222,295		222,295	19,650	241,945	292,582	
Net assets released from restriction	50,850		50,850	(50,850)	-		
Investment income	1,417		1,417	278	1,695	1,975	
Special events							
Proceeds	87,826		87,826		87,826	76,572	
Expenses	(20,710)		(20,710)		(20,710)	(15,060)	
Other	5,234		5,234		5,234	7,360	
Total support and revenue	455,455	2,448	457,904	(18,422)	439,482	491,385	
Expenses -							
Program services	328,494	763	329,257		329,257	325,000	
Support services	118,124	508	118,632		118,632	124,508	
Total expenses	446,619	1,271	447,890		447,889	449,508	
Change in net assets	8,837	1,177	10,014	(18,422)	(8,407)	41,877	
Net assets, beginning of year	120,165	2,764	122,929	89,738	10,000	222,667	
Net assets, end of year	129,002	3,941	132,943	71,316	10,000	\$ 222,667	

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004 WITH COMPARATIVE TOTALS FOR 2003

	2004				Total Expenses	2003 Comparative Totals
	Program Services	Admini- strative	Fund Raising	Total		
Grants	\$ 134,750				134,750	\$ 140,769
Wages	116,678	33,059	44,726	77,785	194,463	192,660
Payroll taxes	9,236	2,617	3,541	6,158	15,394	15,008
Employee benefits	11,214	3,177	4,299	7,476	18,690	17,904
Occupancy	11,516	3,263	4,415	7,678	19,194	18,590
Postage and printing	6,341	1,797	2,431	4,227	10,568	17,819
Publicity and program expenses	6,034				6,034	5,432
Office supplies	1,138	322	436	758	1,896	1,665
Equipment and maintenance	2,543	721	975	1,695	4,239	4,044
Travel and meetings	1,493	423	572	995	2,489	1,896
Professional fees	5,196	1,472	1,992	3,464	8,659	8,810
Dues and subscriptions	10,524				10,524	9,883
Telephone	1,927	546	739	1,285	3,212	3,673
Insurance	1,632	463	626	1,088	2,721	2,032
Depreciation	763	216	292	508	1,271	1,045
Staff recruiting and development	54	15	21	36	90	
Computer software and maintenance	4,943	1,400	1,895	3,295	8,238	
Other	3,275	927	1,255	2,182	5,459	8,278
Total	\$ 329,257	50,418	68,214	118,632	447,889	\$ 449,508

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004 WITH COMPARATIVE TOTALS FOR 2003

	2004	2003
Cash flows from operating activities:		
Change in net assets	\$ (8,407)	\$ 41,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,271	1,045
(Increase) decrease in program and other receivables	60,867	(38,585)
(Increase) in prepaid expenses	4,856	(1,275)
(Decrease) increase in accounts payable and accrued expenses	1,439	(401)
Increase in deposit	(2,350)	
(Decrease) in grants payable		(2,293)
	57,676	368
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
(Increase) in investments	(18,782)	127,458
Purchase of fixed assets	(2,448)	(1,000)
	(21,230)	126,458
Net cash provided by investing activities		
Net increase (decrease) in cash	36,446	126,826
Cash at beginning of year	127,172	346
Cash at end of year	\$ 163,618	\$ 127,172

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

CROSSROADS FUND, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 Organization".

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 life 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 received 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 to 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 Crossroads Fund permanently retain them 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©(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:

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

5 **Investments:**

Investments are valued at market and consist of stocks, 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 **Retirement plan:**

Crossroads provides a SEP account for all vested employees. Employees become vested after one year of employment. Crossroads will contribute each year based on the board of directors' allocation decision on what percentage of salary to the SEP accounts. The same percentage is applied for each participating employee. In 2004, the percentage contribution was 1 per cent. Retirement plan expense totaled \$1,821 in 2004.

8 **Temporarily restricted net assets**

Temporarily restricted net assets are available for the following:

Donor advised grants	\$41,593
Women's Justice fund	<u>29,723</u>
Total	<u>\$71,316</u>

Temporarily restricted net assets were released from restrictions as follow:

Restricted funds released	\$ 30,450
Donor advised grant made	<u>20,400</u>
	<u>\$ 50,850</u>

9 **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, 2004 from which the summarized information was derived.