

CROSSROADS FUND, INC.

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE TOTALS FOR 2004**

CROSSROADS FUND, INC

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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, 2005, 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, 2005, 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.

October 20, 2005

PW & Associates, LLP
PW & Associates, LLP

CROSSROADS FUND, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005 WITH COMPARATIVE TOTALS FOR JUNE 30, 2004

	2005					2004 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	General	Fixed Assets				Total
ASSETS						
Current assets:						
Cash	131,553		131,553	104,718	10,000	246,271
Investments	-		-	23,831		23,831
Receivables	6,030		6,030	6,200		12,230
Prepaid Expenses	3,826		3,826			3,826
Deposit	2,647		2,647			2,647
Total current assets	144,056		144,056	134,749	10,000	288,805
Office equipment, net of accumulated depreciation of \$45,188 and \$43,323 in 2005 and 2004 respectively		5,076	5,076			5,076
Total assets	144,056	5,076	149,132	134,749	10,000	293,881
LIABILITIES AND NET ASSTS						
Current liabilities:						
Accounts payable and accrued liabilities	954		954			954
Grants payable	10,000		10,000			10,000
Total current liabilities	10,954		10,954			10,954
Net assets:	133,102	5,076	138,178	134,749 (Note 8)	10,000 (Note 6)	282,927 (Note 2)
Total liabilities and net assets	144,056	5,076	149,132	134,749	10,000	293,881

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, 2005 WITH COMPARATIVE TOTALS FOR 2004

	2005					2004 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	General	Fixed Assets				Total
Support and revenue -						
Contributions						
Funding Exchange endowment share	50,145		50,145		50,145	\$ 51,792
Foundation grants	114,000	-	114,000	111,375	225,375	71,700
Individuals	206,377		206,365	119,828	326,193	241,945
Net assets released from restriction	168,066		168,066	(168,066)	-	
Investment income	3,769		3,769	296	4,065	1,695
Special events						
Proceeds	74,605		74,605		74,605	87,826
Expenses	(13,005)		(13,005)		(13,005)	(20,710)
Other	1,712	3,000	4,712		4,712	5,234
Total support and revenue	605,669	3,000	608,657	63,433	672,090	439,482
Expenses -						
Program services	465,066	1,119	466,185		466,185	329,257
Support services	136,492	746	137,238		137,238	118,632
Total expenses	601,557	1,865	603,423		603,423	447,889
Change in net assets	4,112	1,135	5,234	63,433	68,667	(8,407)
Net assets, beginning of year	129,003	3,941	132,944	71,316	10,000 214,260	222,667
Net assets, end of year	133,115	5,076	138,178	134,749	10,000 282,927	\$ 214,260

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2005 WITH COMPARATIVE TOTALS FOR 2004

	2005				Total Expenses	2004 Comparative Totals
	Program Services	Admini- strative	Fund Raising	Total		
Grants	\$ 246,491				246,491	\$ 134,750
Wages	125,901	35,672	48,262	83,934	209,835	194,463
Payroll taxes	10,050	2,847	3,852	6,700	16,750	15,394
Employee benefits	12,203	3,458	4,678	8,136	20,339	18,690
Occupancy	11,904	3,373	4,563	7,936	19,840	19,194
Postage and printing	12,033	3,409	4,613	8,022	20,055	10,568
Publicity and program expenses	3,386				3,386	6,034
Office supplies	1,733	491	664	1,155	2,887	1,896
Equipment and maintenance	3,567	1,011	1,367	2,378	5,945	4,239
Travel and meetings	2,272	644	871	1,515	3,787	2,489
Professional fees	12,359	3,502	4,738	8,239	20,598	8,659
Dues and subscriptions	10,451				10,451	10,524
Telephone	1,372	389	526	915	2,287	3,212
Insurance	1,687	478	647	1,125	2,812	2,721
Depreciation	1,119	317	429	746	1,865	1,271
Staff recruiting and development	765	217	293	510	1,275	90
Computer software and maintenance	5,100	1,445	1,955	3,400	8,500	8,238
Other	3,791	1,073	1,453	2,527	6,319	5,459
Total	\$ 466,185	58,325	78,912	137,238	603,423	\$ 447,891

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005 WITH COMPARATIVE TOTALS FOR 2004

	2005	2004
Cash flows from operating activities:		
Change in net assets	\$ 68,667	\$ (8,407)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,865	1,271
(Increase) decrease in program and other receivables	(5,312)	60,867
(Increase) in prepaid expenses	(1,834)	4,856
(Decrease) increase in accounts payable and accrued expenses	(730)	1,439
Decrease in deposit	284	(2,350)
Increase in grants payable	10,000	-
Net cash provided (used) by operating activities	72,940	57,676
Cash flows from investing activities:		
Decrease in investments	12,713	(18,782)
Purchase of fixed assets	(3,000)	(2,448)
Net cash provided by investing activities	9,713	(21,230)
Net increase (decrease) in cash	82,653	36,446
Cash at beginning of year	163,618	127,172
Cash at end of year	\$ 246,271	\$ 163,618

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

CROSSROADS FUND, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

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 live 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 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 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 August 30, 2004, Crossroads entered into a two-year lease extension through August 30, 2006. Future rental expenses are as follows:

9/1/2005 to 8/30/2006	\$ 18,787
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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 2005, the percentage contribution was 1 per cent. Retirement plan expense totaled \$2,102 in 2005.

8 **Temporarily restricted net assets**

Temporarily restricted net assets are available for the following:

Donor advised grants	\$104,718
Women's Justice fund	<u>30,031</u>
Total	<u>\$134,749</u>

Temporarily restricted net assets were released from restrictions as follow:

Restricted funds released	\$ 12,015
Donor advised grant made	<u>156,051</u>
	<u>\$ 168,066</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, 2005 from which the summarized information was derived.