

CROSSROADS FUND, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR 2005

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, 2006, 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, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

September 21, 2006

PW & Associates, LLP

PW & Associates, LLP

CROSSROADS FUND, INC

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006 WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	2006					2005 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	General	Fixed Assets				
ASSETS						
Current assets:						
Cash	77,651		77,651	141,186	10,000	228,837
Investments	70		70	24,349		24,419
Receivables	71,032		71,032	6,200		77,232
Prepaid Expenses	3,800		3,800			3,800
Deposit	1,842		1,842			1,842
Total current assets	154,395		154,395	171,735	10,000	336,130
Office equipment, net of accumulated depreciation of \$47,519 and \$45,188 in 2006 and 2005 respectively		5,417	5,417			5,417
Total assets	154,395	5,417	159,812	171,735	10,000	341,547
LIABILITIES AND NET ASSTS						
Current liabilities:						
Accounts payable and accrued liabilities	672		672			672
Grants payable	-		-			-
Total current liabilities	672		672			672
Net assets:	153,723	5,417	159,140	171,735 (Note 8)	10,000 (Note 6)	340,875 (Note 2)
Total liabilities and net assets	154,395	5,417	159,812	171,735	10,000	341,547

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, 2006 WITH COMPARATIVE TOTALS FOR 2005

	2006					2005 Comparative Totals	
	Unrestricted			Temporarily Restricted	Permanently Restricted		Total
	General	Fixed Assets	Total				
Support and revenue -							
Contributions							
Funding Exchange endowment share	49,452		49,452	-	-	\$ 50,145	
Foundation grants	64,500	-	64,500	99,691	164,191	225,375	
Individuals	248,080		248,068	212,848	460,916	326,193	
Net assets released from restriction	275,542		275,542	(275,542)	-		
Investment income	11,099		11,099	518	11,617	4,065	
Special events							
Proceeds	94,481		94,481		94,481	74,605	
Expenses	(19,574)		(19,574)		(19,574)	(13,005)	
Other	4,559	-	4,559		4,559	4,712	
Total support and revenue	728,138	-	728,126	37,515	-	672,090	
Expenses -							
Program services	574,841	1,399	576,239		576,239	466,185	
Support services	130,523	932	131,455		131,455	137,238	
Total expenses	705,364	2,331	707,696		707,694	603,423	
Change in net assets	22,774	(2,331)	20,430	37,515	57,948	68,667	
Net assets, beginning of year	133,115	5,076	138,178	134,749	10,000	214,260	
Net assets, end of year	155,889	2,745	158,608	172,264	10,000	\$ 282,927	

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006 WITH COMPARATIVE TOTALS FOR 2005

	2006				Total Expenses	2005 Comparative Totals
	Program Services	Admini- strative	Fund Raising	Total		
Grants	\$ 361,527				361,527	\$ 246,491
Wages	117,163	33,196	44,912	78,108	195,271	209,835
Payroll taxes	9,399	2,663	3,603	6,266	15,665	16,750
Employee benefits	14,645	4,149	5,614	9,763	24,408	20,339
Occupancy	13,083	3,707	5,015	8,722	21,804	19,840
Postage and printing	11,928	3,380	4,572	7,952	19,880	20,055
Publicity and program expenses	6,675				6,675	3,386
Office supplies	1,341	380	514	894	2,234	2,887
Equipment and maintenance	3,055	866	1,171	2,037	5,092	5,945
Travel and meetings	2,462	698	- 944	1,642	4,104	3,787
Professional fees	9,825	2,784	3,766	6,550	16,375	20,598
Dues and subscriptions	10,850				10,850	10,451
Telephone	1,817	515	697	1,211	3,029	2,287
Insurance	1,649	467	632	1,100	2,749	2,812
Depreciation	1,399	396	536	932	2,331	1,865
Staff recruiting and development	1,213	344	465	809	2,021	1,275
Computer software and maintenance	4,536	1,285	1,739	3,024	7,561	8,500
Other	3,670	1,039	1,407	2,446	6,117	6,319
Total	\$ 576,239	55,868	75,587	131,455	707,694	\$ 603,422

See independent auditor's report and notes to financial statements

CROSSROADS FUND, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006 WITH COMPARATIVE TOTALS FOR 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 57,948	\$ 68,667
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,331	1,865
(Increase) decrease in program and other receivables	(65,001)	(5,312)
(Increase) decrease in prepaid expenses	26	(1,834)
(Decrease) increase in accounts payable and accrued expenses	(282)	(730)
Decrease in deposit	805	284
Decrease in grants payable	<u>(10,000)</u>	<u>10,000</u>
Net cash provided (used) by operating activities	<u>(14,173)</u>	<u>72,940</u>
Cash flows from investing activities:		
Increase in investments	(588)	12,713
Purchase of fixed assets	<u>(2,672)</u>	<u>(3,000)</u>
Net cash provided by investing activities	<u>(3,260)</u>	<u>9,713</u>
Net increase (decrease) in cash	(17,434)	82,653
Cash at beginning of year	<u>246,271</u>	<u>163,618</u>
Cash at end of year	<u><u>\$ 228,837</u></u>	<u><u>\$ 246,271</u></u>

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

CROSSROADS FUND, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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:

9/1/2006 to 8/30/2007	\$ 20,298
9/1/2007 to 8/30/2008	\$ 20,874

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 2006, the percentage contribution was 1 per cent. Retirement plan expense totaled \$2,615 in 2006.

8 **Temporarily restricted net assets**

Temporarily restricted net assets are available for the following:

Donor advised grants	\$141,186
Women's Justice fund	<u>30,549</u>
Total	<u>\$171,735</u>

Temporarily restricted net assets were released from restrictions as follow:

Restricted funds released	\$ 213,162
Donor advised grant made	<u>62,380</u>
	<u>\$ 275,542</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, 2006 from which the summarized information was derived.