

**CROSSROADS FUND, INC.**

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

**YEAR ENDED JUNE 30, 2007**  
**WITH COMPARATIVE TOTALS FOR 2006**

**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, 2007, 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, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

September 18, 2007

*PW & Associates, LLP*  
PW & Associates, LLP

CROSSROADS FUND, INC

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

	2007						2006 Comparative Totals
	Unrestricted		Temporarily Restricted	Permanently Restricted		Total	
	General	Fixed Assets		Total	Total		
<b>ASSETS</b>							
Current assets:							
Cash	254,970		254,970	124,198 (Note 6)	60,594 (Note 6)	439,762	\$ 228,837
Investments	20,031		20,031	24,921		44,952	24,419
Receivables	10,638		10,638	6,200		16,838	77,232
Prepaid Expenses	6,400		6,400			6,400	3,800
Deposit	1,946		1,946			1,946	1,842
Total current assets	293,985		293,985	155,319	60,594	509,898	336,130
Office equipment, net of accumulated depreciation of \$50,703 and \$47,519 in 2007 and 2006 respectively		10,861	10,861			10,861	5,417
Long Term Investment	-		-		1,082,238 (Note 6)	1,082,238	
Total assets	293,985	10,861	304,846	155,319	1,142,832	1,602,997	\$ 341,547
<b>LIABILITIES AND NET ASSTS</b>							
Current liabilities:							
Accounts payable and accrued liabilities	16,359		16,359			16,359	\$ 672
Grants payable	-		-			-	-
Total current liabilities	16,359		16,359			16,359	672
Net assets:	277,626	10,861	288,487	155,319 (Note 8)	1,142,832 (Note 6)	1,586,638 (Note 2)	340,875
Total liabilities and net assets	293,985	10,861	304,847	155,319	1,142,832	1,602,997	\$ 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, 2007 WITH COMPARATIVE TOTALS FOR 2006

	2007					2006 Comparative Totals	
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total		
	General	Fixed Assets					Total
Support and revenue -							
Contributions							
Funding Exchange endowment share	51,580		51,580	-	-	51,580	\$ 49,452
Foundation grants	69,784	-	69,784	10,971	1,132,852	1,213,607	164,191
Individuals	257,782		257,782	91,533		349,315	460,916
Net assets released from restriction	369,257		369,257	-		369,257	
Investment income	13,864		13,864	9		13,873	11,617
Special events							
Proceeds	100,962		100,962			100,962	94,481
Expenses	(25,507)		(25,507)			(25,507)	(19,574)
Other	17,833	-	17,833			17,833	4,559
Total support and revenue	855,555	-	855,555	102,513	1,132,852	2,090,920	765,642
Expenses -							
Program services	687,598	1,910	689,508			689,508	576,239
Support services	154,376	1,274	155,649			155,649	131,455
Total expenses	841,974	3,184	845,157			845,157	707,694
Change in net assets	13,581	(3,184)	10,397	102,513	1,132,852	1,245,763	57,948
Net assets, beginning of year	155,889	2,722	158,611	172,264	10,000	340,875	282,927
Net assets, end of year	169,470	(462)	169,008	274,777	1,142,852	1,586,638	\$ 340,875

See independent auditor's report and notes to financial statements

**CROSSROADS FUND, INC**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006**

	2007				2006
	Program Services	Admini- strative	Support Services		Total Expenses
			Fund Raising	Total	
Grants	\$ 420,267				\$ 420,267
Wages	133,282	37,763	51,092	88,855	222,137
Payroll taxes	10,655	3,019	4,084	7,103	17,758
Employee benefits	13,493	3,823	5,172	8,995	22,488
Occupancy	11,648	3,300	4,465	7,765	19,413
Postage and printing	14,557	4,124	5,580	9,705	24,262
Publicity and program expenses	23,952				23,952
Office supplies	1,378	390	528	918	2,294
Equipment and maintenance	3,678	1,042	1,410	2,452	6,129
Travel and meetings	4,464	1,265	1,711	2,976	7,440
Professional fees	27,621	7,826	10,588	18,414	46,035
Dues and subscriptions	11,810				11,810
Telephone	3,110	881	1,192	2,073	5,183
Insurance	2,206	625	846	1,471	3,677
Depreciation	1,910	541	732	1,274	3,184
Staff recruiting and development	225	64	86	150	375
Computer software and maintenance	1,641	465	629	1,094	2,735
Other	3,610	1,022	1,384	2,406	6,017
<b>Total</b>	<b>\$ 689,508</b>	<b>66,150</b>	<b>89,499</b>	<b>155,649</b>	<b>845,157</b>
					<b>\$ 707,694</b>

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CROSSROADS FUND, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$1,245,763	\$ 57,948
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,184	2,331
(Increase) decrease in program and other receivables	60,394	(65,001)
(Increase) decrease in prepaid expenses	(2,600)	26
(Decrease) increase in accounts payable and accrued expenses	15,687	(282)
(Increase) Decrease in deposit	(104)	805
Decrease in grants payable	-	(10,000)
Net cash provided (used) by operating activities	<u>1,322,324</u>	<u>(14,173)</u>
Cash flows from investing activities:		
Increase in investments	(1,102,771)	(588)
Purchase of fixed assets	(8,631)	(2,672)
Net cash provided by investing activities	<u>(1,111,402)</u>	<u>(3,260)</u>
Net increase (decrease) in cash	210,922	(17,433)
Cash at beginning of year	<u>228,837</u>	<u>246271</u>
Cash at end of year	<u>\$ 439,759</u>	<u>\$ 228,837</u>

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

CROSSROADS FUND, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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, 2008. 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.

In June 2007, Crossroads received a restricted endowment gift from Synapses foundation total amount of \$1,145,417 including cash of \$63,179 and equity and various types of investment valued at \$1,082,238 as of June 2007. Among the cash gift, \$12,585 was classified as temporary restricted and \$50,594 was classified as permanently restricted. All other investments are classified as permanently restricted.

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 2007, the percentage contribution was 1 per cent. Retirement plan expense totaled \$2,946 in 2007.

8 **Temporarily restricted net assets**

Temporarily restricted net assets are available for the following:

Donor advised grants	\$ 124,198
Women's Justice fund	31,121
Total	<u>\$ 155,319</u>

Temporarily restricted net assets were released from restrictions as follow:

Restricted funds released	\$ 301,296
Donor advised grant made	67,961
	<u>\$ 369,257</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.