



CROSSOVER COMMUNICATIONS  
INTERNATIONAL

*Crossover Global is a registered business trademark of Crossover  
Communications International*

Financial Statements  
Independent Auditors' Report

December 31, 2018 and 2017

# CROSSOVER COMMUNICATIONS INTERNATIONAL

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Crossover Communications International  
Columbia, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of Crossover Communications International, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Crossover Communications International  
Columbia, South Carolina

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossover Communications International as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 2 to the financial statements, Crossover Communications International adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements.

*Capin Crouse LLP*

Columbia, South Carolina  
May 17, 2019

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 271,532	\$ 96,566
Investments	446,446	453,322
Contributions receivable	420,000	-
Other assets	18,316	26,363
Property and equipment—net	<u>1,102,446</u>	<u>1,118,057</u>
 Total Assets	 <u>\$ 2,258,740</u>	 <u>\$ 1,694,308</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 39,013	\$ 29,471
 Net assets:		
Net assets without donor restrictions	1,421,437	1,385,676
Net assets with donor restrictions	<u>798,290</u>	<u>279,161</u>
	<u>2,219,727</u>	<u>1,664,837</u>
 Total Liabilities and Net Assets	 <u>\$ 2,258,740</u>	 <u>\$ 1,694,308</u>

See notes to financial statements

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 473,131	\$ 2,346,727	\$ 2,819,858
Activity fees	131	-	131
Investment income	1,068	-	1,068
Other income	35,434	-	35,434
	509,764	2,346,727	2,856,491
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>			
Administrative assessments	90,038	(90,038)	-
Satisfaction of purpose restrictions	1,737,560	(1,737,560)	-
Total Net Assets Released	1,827,598	(1,827,598)	-
Total Support and Revenue	2,337,362	519,129	2,856,491
<b>EXPENSES:</b>			
Program services	1,577,860	-	1,577,860
Supporting activities:			
Management and general	481,394	-	481,394
Fundraising	242,347	-	242,347
	723,741	-	723,741
Total Expenses	2,301,601	-	2,301,601
Change in Net Assets	35,761	519,129	554,890
Net Assets, Beginning of Year	1,385,676	279,161	1,664,837
Net Assets, End of Year	\$ 1,421,437	\$ 798,290	\$ 2,219,727

See notes to financial statements

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statement of Activities

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 419,263	\$ 1,629,328	\$ 2,048,591
Activity fees	96,039	-	96,039
Investment income	23,712	-	23,712
Other income	30,648	-	30,648
	<u>569,662</u>	<u>1,629,328</u>	<u>2,198,990</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>			
Administrative assessments	93,603	(93,603)	-
Satisfaction of purpose restrictions	1,595,205	(1,595,205)	-
Total Net Assets Released	<u>1,688,808</u>	<u>(1,688,808)</u>	<u>-</u>
Total Support and Revenue	<u>2,258,470</u>	<u>(59,480)</u>	<u>2,198,990</u>
<b>EXPENSES:</b>			
Program services	<u>1,593,418</u>	<u>-</u>	<u>1,593,418</u>
Supporting activities:			
Management and general	370,486	-	370,486
Fundraising	350,848	-	350,848
	<u>721,334</u>	<u>-</u>	<u>721,334</u>
Total Expenses	<u>2,314,752</u>	<u>-</u>	<u>2,314,752</u>
Change in Net Assets	(56,282)	(59,480)	(115,762)
Net Assets, Beginning of Year	<u>1,441,958</u>	<u>338,641</u>	<u>1,780,599</u>
Net Assets, End of Year	<u>\$ 1,385,676</u>	<u>\$ 279,161</u>	<u>\$ 1,664,837</u>

See notes to financial statements

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statements of Cash Flows

	Year ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 554,890	\$ (115,762)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,155	25,155
Realized and unrealized investment gains	(1,234)	(22,543)
Donated stock	(57,883)	(69,380)
Change in:		
Contribution receivable	(420,000)	-
Other assets	8,047	2,325
Accounts payable	9,542	2,325
Deferred revenue	-	(51,119)
Net Cash Provided (Used) by Operating Activities	118,517	(228,999)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures for property and equipment	(9,544)	-
Purchase of investments	(9,626)	-
Proceeds from sale of investments	75,619	126,575
Net Cash Provided by Investing Activities	56,449	126,575
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on line of credit	(55,000)	(345,000)
Proceeds from line of credit	55,000	345,000
Net Cash Provided by Financing Activities	-	-
Net Change in Cash and Cash Equivalents	174,966	(102,424)
Cash and Cash Equivalents, Beginning of Year	96,566	198,990
Cash and Cash Equivalents, End of Year	\$ 271,532	\$ 96,566
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest on line of credit	\$ 22	\$ 3,179

See notes to financial statements



# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

### 1. NATURE OF ORGANIZATION:

Crossover Communications International (CCI) is a not-for-profit South Carolina corporation. CCI plants multiplying churches among unreached peoples of the world. CCI is an independent affiliate of a global ministry that mobilizes church planters from five sending bases in Brazil, Caucasus, Central Asia, Moldova, and the United States.

CCI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to CCI are deductible from income taxes within the limitations prescribed by the Code. CCI is not a private foundation under Section 509(a)(1) of the Code.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of CCI are prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the financial statements. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of highly liquid investments with original maturity dates of less than three months. These accounts may, at times, exceed federally insured limits. CCI has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value, which is based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated securities are recorded at fair value at date of donation and thereafter carried in accordance with the above policies. Investment income and realized and unrealized gains and losses are included in unrestricted investment income unless a donor preference or law restricts their use.

Investments are also composed of certificates of deposit and variable life insurance policies. The certificates of deposit have original maturity dates exceeding 90 days and are recorded at cost plus accrued interest. The variable life insurance policies are held at cash surrender value.

#### CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized in the period the contribution or promise is made. Such amounts are reported at a value which is based on the expected future cash flows, excluding estimated uncollectible accounts, discounted to present value if due or receivable more than one year from the statement of financial position date. As of December 31, 2018 and 2017, CCI had outstanding contributions receivable of \$420,000 and \$0, respectively. The full balance of the contributions receivable is expected to be collected during 2019.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. CCI reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CCI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 39 years. CCI generally capitalizes and reports property and equipment acquisitions in excess of \$5,000.

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets. The net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CCI and changes therein are classified and reported as follows:

Net assets without donor restrictions are currently available at the direction of the board for use in CCI's operations or invested in property and equipment.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes, for the acquisition of property and equipment, or are time restricted.

All contributions are considered net assets without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to CCI.

CCI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of purpose restrictions. General administrative assessments are charged to support contributions to assist in general funding and administrative activities and functions of CCI.

Gifts-in-kind include contributions of noncash assets such as property or equipment and securities. Gifts-in-kind that can be used or sold are measured at fair value. During the years ended December 31, 2018 and 2017, CCI received donations of corporate stock in the amounts of \$57,883 and \$69,380, respectively.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES, continued

Expenses are reported when costs are incurred. The costs of providing the various program services and supporting activities of CCI have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefitted.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. CCI adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3), disclosures related to functional allocation of expenses were expanded (Note 7).

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects CCI financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

#### Financial assets:

Cash and cash equivalents	\$ 271,532
Investments	446,446
Contributions receivable	420,000
Financial assets, at year end	<u>1,137,978</u>

#### Less those unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions:	
Restricted by donor with purpose and time restrictions	<u>(798,290)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 339,688</u>

In the event of an unanticipated liquidity need, CCI also could draw upon \$125,000 of an available line of credit (as further discussed in Note 6).

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2018	2017
Cash and cash equivalents	\$ 4,100	\$ 17,639
Cash surrender value of life insurance policies	175,128	158,999
Certificates of deposit	145,300	145,079
	324,528	321,717
Investments at fair value:		
Exchange traded funds	84,696	82,573
Mutual funds	37,222	49,032
	121,918	131,605
	\$ 446,446	\$ 453,322

Investment income consists of:

	December 31,	
	2018	2017
Interest and dividends	\$ 393	\$ 1,480
Unrealized and realized gains	1,234	22,543
Management fees	(559)	(311)
	\$ 1,068	\$ 23,712
	\$ 1,068	\$ 23,712

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	December 31,	
	2018	2017
Land	\$ 422,599	\$ 422,599
Building	980,855	980,855
Equipment	13,729	4,184
	1,417,183	1,407,638
Less accumulated depreciation	(314,737)	(289,581)
	\$ 1,102,446	\$ 1,118,057

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

6. LINE OF CREDIT:

CCI maintains a revolving line of credit of \$125,000 with a financial institution. Interest accrues monthly at the bank's prime rate plus 0.500% per annum. As of December 31, 2018 and 2017, there were no outstanding borrowings under this line of credit. The line of credit was renewed during June 2018 for twelve months. The indebtedness is collateralized by CCI's land and building.

7. FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of CCI. These expenses include depreciation, facilities maintenance, and salaries and benefits. Salaries and benefits are allocated to the function where time and effort are expended. Depreciation and facilities maintenance are allocated to the function where time and effort are expended.

	Year Ended December 31, 2018			Total
	Program Expenses	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,038,315	\$ 214,510	\$ 138,529	\$ 1,391,353
Ministry grants	457,732	-	-	457,732
Office supplies, equipment and printing	-	81,409	5,221	86,630
Professional services	-	23,606	-	23,606
Utilities and insurance	-	52,004	-	52,004
Events and meals	-	-	43,175	43,175
Travel	20,290	-	11,648	31,938
Depreciation and facilities maintenance	5,394	43,153	5,394	53,941
Rent expense	-	-	12,500	12,500
Bank and credit card fees	-	21,239	-	21,239
Other	56,129	45,473	25,880	127,482
	<u>\$ 1,577,860</u>	<u>\$ 481,394</u>	<u>\$ 242,347</u>	<u>\$ 2,301,601</u>

8. EMPLOYEE BENEFIT PLAN:

CCI offers their eligible employees the opportunity to participate in a Section 403(b) Tax Deferred Annuity Plan (Plan). The Plan allows voluntary employee contributions. CCI contributes 2% of compensation for all eligible employees. CCI made employer contributions of \$24,194 and \$24,462 to the Plan for the years ended December 31, 2018 and 2017, respectively.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for:

	December 31,	
	2018	2017
Missionary staff funds	\$ 188,370	\$ 220,281
Church planting	173,333	24,205
Contribution receivable restricted for church planting	420,000	-
Brazil activity	6,767	20,699
Projects	8,915	12,547
Mobilization	905	1,429
	<u>\$ 798,290</u>	<u>\$ 279,161</u>

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS:

The Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. CCI uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CCI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The table on the following page presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

### 10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS, continued:

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds:				
Large value	\$ 19,630	\$ 19,630	\$ -	\$ -
Mid cap blend	23,742	23,742	-	-
Large growth	12,495	12,495	-	-
Large blend	8,017	8,017	-	-
Small value	9,675	9,675	-	-
Intermediate term bond	11,137	11,137	-	-
	<u>84,696</u>	<u>84,696</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Short term bond	9,133	9,133	-	-
Large blend	11,246	11,246	-	-
Foreign large blend	5,177	5,177	-	-
Diversified Pacific/Asia	11,666	11,666	-	-
	<u>37,222</u>	<u>37,222</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 121,918</u>	<u>\$ 121,918</u>	<u>\$ -</u>	<u>\$ -</u>
	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds:				
Large value	\$ 18,589	\$ 18,589	\$ -	\$ -
Mid cap blend	16,434	16,434	-	-
Large growth	14,144	14,144	-	-
Large blend	12,527	12,527	-	-
Intermediate term bond	10,237	10,237	-	-
Intermediate government	10,642	10,642	-	-
	<u>82,573</u>	<u>82,573</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Real estate	8,486	8,486	-	-
Short term bond	9,025	9,025	-	-
Long term bond	10,103	10,103	-	-
Foreign large blend	7,139	7,139	-	-
Diversified Pacific/Asia	14,279	14,279	-	-
	<u>49,032</u>	<u>49,032</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value	<u>\$ 131,605</u>	<u>\$ 131,605</u>	<u>\$ -</u>	<u>\$ -</u>

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2018 and 2017

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENTS, continued:

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Exchange traded funds—Value at the closing price reported on the active market in which the individual funds are traded.

Mutual funds—The fair value of mutual funds is based on quoted net asset values of the shares held by CCI at year-end.

Change in valuation techniques—None.

11. RELATED PARTY TRANSACTIONS:

At December 31, 2018 and 2017, investments totaling \$35,400 were held at a bank where a CCI board member is employed. During the years ended December 31, 2018 and 2017, CCI leased property from a board member for an annual amount of \$12,500 and \$10,000, respectively.

12. CONCENTRATIONS

CCI receives significant contributions from certain donors from time to time. For the year ended December 31, 2018, one contributor accounted for 31% of the total support and revenue. CCI may not receive recurring contributions from this source in the future.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 17, 2019, which is the date the financial statements were available to be issued.