

# CROSSOVER COMMUNICATIONS INTERNATIONAL

Financial Statements  
With Independent Auditors' Report

December 31, 2016

# CROSSOVER COMMUNICATIONS INTERNATIONAL

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Crossover Communication International  
Columbia, South Carolina

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Crossover Communications International, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 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 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, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Columbia, South Carolina  
August 1, 2017

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statement of Financial Position

December 31, 2016

### ASSETS:

Cash and cash equivalents	\$ 198,990
Investments	487,974
Other assets	28,688
Property and equipment—net	<u>1,143,212</u>

Total Assets \$ 1,858,864

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable and accrued expenses	<u>\$ 27,146</u>
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#### Net assets:

Unrestricted	1,493,077
Temporarily restricted	<u>338,641</u>
	<u>1,831,718</u>

Total Liabilities and Net Assets \$ 1,858,864

See notes to financial statements

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 444,303	\$ 1,683,711	\$ 2,128,014
Activity fees	63,760	-	63,760
Investment income	10,614	-	10,614
Other income	30,111	-	30,111
Total Support and Revenue	548,788	1,683,711	2,232,499
<b>RECLASSIFICATION:</b>			
Administrative assessments	115,481	(115,481)	-
Satisfaction of purpose restrictions	1,617,509	(1,617,509)	-
Total Reclassification	1,732,990	(1,732,990)	-
<b>EXPENSES:</b>			
Program services	1,587,112	-	1,587,112
Supporting activities:			
Management and general	350,937	-	350,937
Fundraising	310,243	-	310,243
	661,180	-	661,180
Total Expenses	2,248,292	-	2,248,292
Change in Net Assets	33,486	(49,279)	(15,793)
Net Assets, Beginning of Year	1,459,591	387,920	1,847,511
Net Assets, End of Year	\$ 1,493,077	\$ 338,641	\$ 1,831,718

See notes to financial statements

# CROSSOVER COMMUNICATIONAL INTERNATIONAL

## Statement of Cash Flows

Year Ended December 31, 2016

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (15,793)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	24,096
Realized and unrealized investment gains	(6,161)
Change in:	
Other Assets	9,726
Accounts payable	18,299
Net Cash Provided by Operating Activities	<u>30,167</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures for property and equipment	(97,263)
Purchase of investments	(86,675)
Proceeds from sale of investments	141,113
Net Cash Used by Investing Activities	<u>(42,825)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on line of credit	(178,018)
Proceeds from line of credit	178,018
Net Cash Provided by Financing Activities	<u>-</u>

Net Change in Cash and Cash Equivalents	(12,658)
Cash and Cash Equivalents, Beginning of Year	<u>211,648</u>
Cash and Cash Equivalents, End of Year	<u>\$ 198,990</u>

### SUPPLEMENTAL DISCLOSURE:

Cash paid for interest on line of credit (none capitalized)	<u>\$ 799</u>
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See notes to financial statements

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

1. NATURE OF ORGANIZATION:

Crossover Communications International (CCI) is a not-for-profit South Carolina corporation. CCI provides support for ministries involved in organizing evangelism around the world, mobilizing church planters from sending bases in three countries: Brazil, Moldova, and the United States. CCI also provides consulting services and informational media.

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 temporarily or permanently restricts their use.



# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### LAND, BUILDING, AND EQUIPMENT

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 unrestricted support 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 and 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:

*Unrestricted net assets* are currently available at the direction of the board for use in CCI's operations or invested in property and equipment.

*Temporarily restricted net assets* are stipulated by donors for specific operating purposes, for the acquisition of property and equipment, or are time restricted.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

### 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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 year ended December 31, 2016, CCI received donations of corporate stock in the amount of \$67,490.

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 statement of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefitted.

### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2016, CCI had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

### 3. INVESTMENTS:

Investments consist of:

Cash and cash equivalents	\$ 4,422
Cash surrender value of life insurance policies	138,606
Certificates of deposit	229,819
	<u>372,847</u>
Investments at fair value:	
Exchange traded funds	78,104
Mutual funds	37,023
	<u>115,127</u>
	<u>\$ 487,974</u>

Investment income consists of:

Interest and dividends	\$ 5,536
Unrealized and realized gains	6,161
Management fees	(1,083)
	<u>\$ 10,614</u>

### 4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

Land	\$ 422,599
Building	980,855
Equipment	4,184
	<u>1,407,638</u>
Less accumulated depreciation	(264,426)
	<u>\$ 1,143,212</u>

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

5. 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, 2016, there were no outstanding borrowings under this line of credit. The line of credit was renewed during June 2017 for twelve months. The indebtedness is collateralized by CCI's land and building.

6. 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 \$27,496 to the Plan for the year ended December 31, 2016.

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for:

Missionary staff funds	\$ 241,929
Church planting	51,645
Brazil activity	31,921
Projects	7,309
Mobilization	5,837
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	\$ 338,641
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# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

8. 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 following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement 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, 2016:

	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded funds:				
Large value	\$ 17,773.00	\$ 17,773.00	\$ -	\$ -
Mid cap blend	14,077	14,077	-	-
Large growth	11,966	11,966	-	-
Large blend	12,071	12,071	-	-
Intermediate term bond	11,048	11,048	-	-
Intermediate government	11,169	11,169	-	-
	78,104	78,104	-	-
Mutual funds:				
Real estate	7,674	7,674	-	-
Short term bond	11,743	11,743	-	-
Foreign large blend	6,560	6,560	-	-
Diversified Pacific/Asia	11,046	11,046	-	-
	37,023	37,023	-	-
Total Investments at measured at fair value:	\$ 115,127	\$ 115,127	\$ -	\$ -

# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Notes to Financial Statements

December 31, 2016

8. 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 statement 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.

9. RELATED PARTY TRANSACTIONS:

At December 31, 2016, investments totaling \$55,000 were held at a bank where a CCI board member was employed.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTARY DATA**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
Crossover Communication International  
Columbia, South Carolina

We have audited the financial statements of Crossover Communications International, as of and for the year ended December 31, 2016, and our report thereon dated August 1, 2017, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

Columbia, South Carolina  
August 1, 2017



# CROSSOVER COMMUNICATIONS INTERNATIONAL

## Schedule of Functional Expenses

December 31, 2016

	Supporting Activities				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salary and wages	\$ 1,099,971	\$ 140,268	\$ 141,240	\$ 281,508	\$ 1,381,479
Employee benefits	34,497	9,199	2,300	11,499	45,996
Payroll taxes	33,245	8,865	2,216	11,081	44,326
Ministry development	100,586	33,529	33,528	67,057	167,643
Church planting	132,806	14,756	-	14,756	147,562
Fundraising expenses	-	-	79,961	79,961	79,961
Projects	55,866	6,207	-	6,207	62,073
Mobilization	25,751	8,584	8,584	17,168	42,919
Professional fees	20,726	6,909	6,909	13,818	34,544
Office expenses	9,019	27,057	9,019	36,076	45,095
Utilities	-	29,978	-	29,978	29,978
Insurance	-	22,268	-	22,268	22,268
Brazil expenses	20,815	6,938	6,938	13,876	34,691
Depreciation	2,405	19,237	2,405	21,642	24,047
Travel expenses	10,530	3,510	3,510	7,020	17,550
Repairs and maintenance	16,432	5,477	5,477	10,954	27,386
Training and recruiting	5,847	1,949	1,949	3,898	9,745
Other	18,616	6,206	6,207	12,413	31,029
	<u>\$ 1,587,112</u>	<u>\$ 350,937</u>	<u>\$ 310,243</u>	<u>\$ 661,180</u>	<u>\$ 2,248,292</u>
Totals	<u>\$ 1,587,112</u>	<u>\$ 350,937</u>	<u>\$ 310,243</u>	<u>\$ 661,180</u>	<u>\$ 2,248,292</u>