

# Financial Statements

**CROSS**  
(a Nonprofit Organization)  
Rogers, Minnesota

For the Years Ended  
March 31, 2016 and 2015

CROSS  
TABLE OF CONTENTS  
MARCH 31, 2016 AND 2015

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
CROSS  
Rogers, Minnesota

We have audited the accompanying financial statements of CROSS (a nonprofit organization), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities, functional expenses, 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.

### **Auditor's 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CROSS as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
July 26, 2016

## FINANCIAL STATEMENTS

CROSS  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 243,251	\$ 321,967
Certificates of deposit, short term	20,000	-
Accounts receivable	6,512	10,749
Grants receivable	151,563	11,595
Prepays	3,200	4,800
Inventory	99,878	119,571
<b>TOTAL CURRENT ASSETS</b>	<b>524,404</b>	<b>468,682</b>
<b>PROPERTY AND EQUIPMENT</b>		
Building	751,257	748,352
Vehicles	60,741	27,310
Equipment	94,147	66,775
Land	223,683	223,683
Furniture and fixtures	44,158	39,763
<b>TOTAL PROPERTY AND EQUIPMENT</b>	1,173,986	1,105,883
<b>LESS: ACCUMULATED DEPRECIATION</b>	<b>(328,786)</b>	<b>(291,881)</b>
<b>TOTAL PROPERTY AND EQUIPMENT, NET</b>	<b>845,200</b>	<b>814,002</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,369,604</b>	<b>\$ 1,282,684</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,397	\$ 5,296
Accrued payroll liabilities	13,630	811
Long-term debt, current portion	22,608	23,445
<b>TOTAL CURRENT LIABILITIES</b>	41,635	29,552
<b>LONG-TERM DEBT, less current portion</b>	<b>290,114</b>	<b>310,939</b>
<b>TOTAL LIABILITIES</b>	<b>331,749</b>	<b>340,491</b>
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>		
Undesignated	834,724	745,288
Designated for financial assurance	126,863	126,863
<b>TOTAL UNRESTRICTED NET ASSETS</b>	961,587	872,151
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	<b>76,268</b>	<b>70,042</b>
<b>TOTAL NET ASSETS</b>	<b>1,037,855</b>	<b>942,193</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,369,604</b>	<b>\$ 1,282,684</b>

See Independent Auditor's Report and Notes to Financial Statements.

CROSS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grants and contracts	\$ 306,887	\$ -	\$ 306,887
Contributions	307,384	146,315	453,699
Program service revenue	82,320	-	82,320
Special event income	62,467	-	62,467
Noncash contributions	1,298,248	-	1,298,248
Interest income	508	-	508
Other income	1,656	-	1,656
Net assets released from restrictions	140,089	(140,089)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,199,559</b>	<b>6,226</b>	<b>2,205,785</b>
<b>EXPENSES</b>			
Program services	2,006,646	-	2,006,646
Supporting services			
Management and general	35,329	-	35,329
Fundraising	68,148	-	68,148
<b>TOTAL EXPENSES</b>	<b>2,110,123</b>	<b>-</b>	<b>2,110,123</b>
<b>CHANGE IN NET ASSETS</b>	<b>89,436</b>	<b>6,226</b>	<b>95,662</b>
<b>NET ASSETS, BEGINNING</b>	<b>872,151</b>	<b>70,042</b>	<b>942,193</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 961,587</b>	<b>\$ 76,268</b>	<b>\$ 1,037,855</b>

See Independent Auditor's Report and Notes to Financial Statements.

CROSS  
STATEMENTS OF ACTIVITIES - CONTINUED  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Grants and contracts	\$ 122,400	\$ -	\$ 122,400
Contributions	460,210	69,424	529,634
Program service revenue	151,188	-	151,188
Special event income	61,813	-	61,813
Noncash contributions	1,314,835	-	1,314,835
Interest income	559	-	559
Other income	1,192	-	1,192
Net assets released from restrictions	52,327	(52,327)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,164,524</b>	<b>17,097</b>	<b>2,181,621</b>
<b>EXPENSES</b>			
Program services	1,979,530	-	1,979,530
Supporting services			
Management and general	22,241	-	22,241
Fundraising	37,184	-	37,184
<b>TOTAL EXPENSES</b>	<b>2,038,955</b>	<b>-</b>	<b>2,038,955</b>
<b>CHANGE IN NET ASSETS</b>	<b>125,569</b>	<b>17,097</b>	<b>142,666</b>
<b>NET ASSETS, BEGINNING</b>	<b>746,582</b>	<b>52,945</b>	<b>799,527</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 872,151</b>	<b>\$ 70,042</b>	<b>\$ 942,193</b>

See Independent Auditor's Report and Notes to Financial Statements.

CROSS  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016			
	Program Services	Management and General	Fundraising	Total Expenses
EXPENSES				
Auto and van expenses	\$ 7,089	\$ 226	\$ 226	\$ 7,541
Client services	59,563	1,901	1,901	63,365
Depreciation	34,691	2,214	-	36,905
Food and supplies	42,644	888	889	44,421
Fundraising and marketing	623	623	11,206	12,452
In-kind donations	1,317,941	-	-	1,317,941
Insurance	26,982	1,741	290	29,013
Interest	13,607	434	435	14,476
Meals on Wheels	43,490	439	-	43,929
Occupancy	37,969	1,616	808	40,393
Office expenses	27,387	874	874	29,135
Other expenses	31,012	990	989	32,991
Payroll taxes	25,463	813	812	27,088
Professional fees	9,049	12,066	39,214	60,329
Travel	2,576	82	82	2,740
Wages	326,560	10,422	10,422	347,404
	\$ 2,006,646	\$ 35,329	\$ 68,148	\$ 2,110,123
TOTAL EXPENSES	\$ 2,006,646	\$ 35,329	\$ 68,148	\$ 2,110,123

See Independent Auditor's Report and Notes to Financial Statements.



CROSS  
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2015			
	Program Services	Management and General	Fundraising	Total Expenses
EXPENSES				
Auto and van expenses	\$ 6,462	\$ 208	\$ 278	\$ 6,948
Client services	109,586	3,535	4,713	117,834
Depreciation	31,771	662	662	33,095
Food and supplies	45,251	-	-	45,251
Fundraising and marketing	-	3,018	12,074	15,092
In-kind donations	1,257,817	-	-	1,257,817
Insurance	6,387	206	275	6,868
Interest	8,758	283	376	9,417
Meals on Wheels	54,046	-	-	54,046
Occupancy	43,066	897	897	44,860
Office expenses	30,535	985	1,313	32,833
Other expenses	20,263	654	871	21,788
Payroll taxes	24,932	804	1,073	26,809
Professional fees	28,134	908	1,210	30,252
Travel	4,622	149	199	4,970
Wages	307,900	9,932	13,243	331,075
	<u>\$ 1,979,530</u>	<u>\$ 22,241</u>	<u>\$ 37,184</u>	<u>\$ 2,038,955</u>
TOTAL EXPENSES	<u>\$ 1,979,530</u>	<u>\$ 22,241</u>	<u>\$ 37,184</u>	<u>\$ 2,038,955</u>

See Independent Auditor's Report and Notes to Financial Statements.

CROSS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 95,662	\$ 142,666
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,905	33,095
Noncash contributions of goods and services	(1,298,248)	(1,319,845)
Noncash donations of goods and services	1,317,941	1,257,817
Change in assets:		
Accounts receivable	4,237	22,186
Grants receivable	(139,968)	(11,595)
Prepays	1,600	(4,800)
Inventory	-	(1,808)
Change in liabilities:		
Accounts payable	101	921
Accrued expenses	12,819	(2,040)
	<u>31,049</u>	<u>116,597</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(68,103)	(23,683)
Sales of investments	-	184
Purchase of certificates of deposits	(20,000)	-
	<u>(88,103)</u>	<u>(23,499)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(21,662)	(23,710)
	<u>(21,662)</u>	<u>(23,710)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>		
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(78,716)	69,388
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>321,967</u>	<u>252,579</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 243,251</u>	<u>\$ 321,967</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	<u>\$ 14,476</u>	<u>\$ 9,417</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
Acquisition of property and equipment paid directly by donor	<u>\$ -</u>	<u>\$ 5,010</u>

See Independent Auditor's Report and Notes to Financial Statements.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

CROSS (Christians Reaching Out in Social Service) (the Organization) provides direct assistance and support services to residents of Champlin, Corcoran, Dayton, Maple Grove, Osseo, and Rogers targeting households with low incomes and those faced with a financial crisis.

The Organization's programs are as follows:

- Food shelf program provides food and personal products to eligible households. Social work services are available along with these goods and services and include crisis counseling, general support and guidance, advocacy, and referral. During fiscal year 2016 and 2015, respectively, the Organization distributed 933,224 and 815,565 pounds of food among 8,574 and 8,347 household Food Shelf visits. There were 37,725 and 47,309 individual Food Shelf visits with the average size of 4.4 people per household in fiscal year 2016 and 2015, respectively. An average of 25 and 23 pounds of food was distributed to each individual during each visit to the food shelf during fiscal year 2016 and 2015, respectively.
- The Peace of Mind Housing assistance is provided for families who are in danger of losing their homes, but do not qualify for emergency assistance funding. During fiscal years 2016 and 2015, \$74,238 and \$114,985 was distributed to 150 and 323 households. Funds were provided for housing support and a variety of other family needs.
- Meals on Wheels and Senior Food Shelf Deliveries offers residents assistance accessing fresh, nutritious meals, and wellness safety checks typically via volunteer drivers. Those eligible under this program include seniors, individuals with disabilities, and homebound individuals. Meals on Wheels served over 100 individuals delivering 8,400 and 10,634 meals during fiscal year 2016 and 2015, respectively. During the years ended March 31, 2016 and 2015, the NAPS (Nutrition Assistance Program for Seniors) and Senior Food deliveries provided food for an additional 65 and 45 seniors, respectively.
- CROSS KidPack – Weekend Food for Kids provides weekend food and hygiene packs for students in the Osseo School District along with healthy snack bars for hungry students before lunch. During the years ended March 31, 2016 and 2015, 26,619 and over 38,000 pounds of food delivered to the schools have served approximately 2,600 children per month, respectively. CROSS KidPack partners distributed 14,514 food bags to children during the 2015-16 school year.
- Special Event/Holiday Programs supply toys during the holidays, Easter baskets, school supplies, and birthday gifts for families throughout the year. The Organization distributed \$119,193 and \$118,727 worth of goodies during fiscal years 2016 and 2015, respectively. 2,535 and 2,077 local children received Christmas toys, Easter baskets and / or birthday gifts during fiscal years 2016 and 2015, respectively.
- Clothes Closet provides used clothing and household items to eligible families and individuals during 4,800 shopping visits. The Organization distributed 44,445 and 54,219 pounds of clothing, books, and household items to families and individuals during the 2016 and 2015 fiscal years, respectively.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. Financial statement presentation**

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Resources over which the Board of Directors has discretionary control. Designated amounts represent revenue, which the Board has set aside for a particular purpose.

Temporarily restricted net assets – Resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Permanently restricted net assets are those resources subject to donor imposed restrictions that they be maintained permanently by the Organization. There were no permanently restricted net assets at March 31, 2016 and 2015.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are recorded as unrestricted contributions.

**C. Basis of accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**D. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**E. Cash and cash equivalents**

The Organization considers all short-term debt instruments purchased with maturity of three months or less to be cash equivalents. The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. Cash accounts are insured by FDIC. The balances, at times, may exceed federally insured limits.

**F. Accounts receivable**

Accounts receivable generally consists of fees charged under the Meals on Wheels program. These receivables have been adjusted for all known uncollectible accounts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance for doubtful accounts has been provided as of March 31, 2016 and 2015, since management expects all receivables to be collectible.

**G. Grants receivable**

Grants receivable generally consists of reimbursement requests under grant awards. These receivables have been adjusted for all known uncollectible accounts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance for doubtful accounts has been provided as of March 31, 2016 and 2015, since management expects all receivables to be collectible.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**H. Inventory**

Inventory consisting of donated food, clothing, and non-food supplies, is stated at estimated values based on management prepared cost studies and estimates. Management's current estimate as of March 31, 2016 and 2015 is \$1 per pound for food, clothing, and household items, \$5 per pound for school supplies, and \$9 per pound for toy donations.

**I. Property and equipment**

Property and equipment is recorded at cost or estimated fair value at the date of contribution. The Organization capitalizes all property and equipment acquisitions in excess of \$1,500. Depreciation is recognized using the straight-line and accelerated methods based on estimated useful lives of five to thirty-nine years.

**J. In-kind contributions**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

See Note 9 for additional information on in-kind contributions and other volunteers and their support.

**K. Functional expenses**

Salary and related payroll expenses are allocated to the program or supporting services based upon payroll records and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management. Volunteers, whose time is not reported in these financial statements, perform program support including fundraising activities for the Organization.

**L. Income tax status**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

The Organization has evaluated for uncertain tax positions. Management has expressed that there are no uncertain tax positions as of March 31, 2016 and 2015. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed. The Organization believes it is no longer subject to federal and state income tax examinations for the years prior to 2013.

For the years ended March 31, 2016 and 2015, the Organization has not incurred any interest or penalties on its tax returns.

**M. Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement's presentation. These reclassifications had no effect on the change in net assets for the prior year.

**N. Subsequent events**

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through July 26, 2016, the date the financial statements were available to be issued.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 2: CASH IN EXCESS OF FDIC INSURED LIMITS**

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At March 31, 2016 and 2015, the Company had \$0 and \$71,833, respectively, in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

**Note 3: CERTIFICATES OF DEPOSIT**

On August 26, 2015, the Organization has invested in two certificates of deposit. The certificates of deposit are invested at 21<sup>st</sup> Century Bank, Rogers, bear interest at a rate of 0.50 percent, and mature on August 30, 2016 and October 31, 2016. The value of the certificates of deposit at March 31, 2016 and 2015 is \$20,000 and \$0, respectively.

**Note 4: INVENTORY**

Inventory consisted of the following as of March 31, 2016 and 2015:

	2016	2015
Food and supplies	\$ 65,346	\$ 72,813
Gift cards and other	3,781	2,581
Household items	4,282	6,990
School supplies and toys	26,469	37,187
Total	\$ 99,878	\$ 119,571

**Note 5: LINE OF CREDIT**

On February 19, 2016, the Organization entered into a line of credit agreement with 21<sup>st</sup> Century Bank. The line of credit can be borrowed against for a maximum loan of \$80,000 and matures on February 19, 2019. The interest rate on funds borrowed is 5.5 percent. The balance on the line of credit was \$0 at March 31, 2016 and 2015.

**Note 6: LONG-TERM DEBT**

Long-term debt consisted of the following at March 31, 2016 and 2015:

Description	2016	2015
Note payable to 21st Century Bank, originally dated April 8, 2009, with an original maturity date of April 8, 2029. Payable in monthly installments of \$3,011.53 with variable interest equal to the WSJP + 1.00% but never lower than 5.89% per annum and secured by real property located at 12915 Weinand Circle, Rogers, MN. This note was amended on July 26, 2013 modifying the interest rate as of the date of the amendment until paid in full to variable interest equal to the WSJP + 1.00% but never lower than 4.39% per annum. All other terms remained the same.	\$ 312,722	\$ 334,384
Less current portion	(22,608)	(23,445)
Total long-term debt portion	\$ 290,114	\$ 310,939

Interest expense was \$14,476 and \$9,417 for the years ended March 31, 2016 and 2015, respectively.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 6: LONG-TERM DEBT - CONTINUED**

Future maturities of long-term debt are as follows:

<u>Period Ended</u> <u>March 31</u>	
2017	\$ 22,608
2018	23,638
2019	24,715
2020	25,814
2021	25,017
Thereafter	<u>190,930</u>
Total	<u>\$ 312,722</u>

**Note 7: TEMPORARILY RESTRICTED NET ASSETS**

Temporary restricted net assets consisted of the following as of March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Database	\$ 4,000	\$ -
Facility	-	4,500
Food shelf	31,921	778
Housing	11,082	25,109
Meals on Wheels	25,746	27,590
School supplies	220	2,461
Weekend Food for Kids program	<u>3,299</u>	<u>9,604</u>
Total	<u>\$ 76,268</u>	<u>\$ 70,042</u>

**Note 8: DESIGNATED NET ASSETS**

It is the Organization's policy to maintain a fund for items for which the Board will determine, as needed, for capital improvements, major repairs and maintenance, or any other use as designated by the Board. Based on the Organization's policy, the Organization has designated \$126,863 and \$126,863 as of March 31, 2016 and 2015, respectively. The remaining balance of unrestricted net assets is not designated.

CROSS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2016 AND 2015

**Note 9: IN-KIND CONTRIBUTIONS**

The Organization receives donations from public and private sources. Donated goods and services are recorded at estimated values based on various studies and are included in the contributions and expenses in the statements of activities.

In-kind contributions consisted of the following as of March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Food - valued at \$1.00 per pound	\$ 1,076,528	\$ 994,231
Clothes - valued at \$1.00 per pound	97,747	111,745
School supplies - valued at \$5.00 per pound	13,460	20,968
Purchased in-kind donations	-	70,358
Miscellaneous other donations	16,673	11,106
Donated services:		
Advertising	-	9,950
Other services	375	375
Holiday program toys - valued at \$9.00 per pound	<u>93,465</u>	<u>96,102</u>
 Total	 <u>\$ 1,298,248</u>	 <u>\$ 1,314,835</u>

The Organization receives significant services from unpaid volunteers who support the Organization's primary programs and its management and fundraising activities. During the years ended March 31, 2016 and 2015, 1,812 and 1,834 volunteers gave 23,348 and 21,577 hours of service to CROSS, respectively. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under ASC Subtopic 958-605 *Not-for-Profit Entities Revenue Recognition* have not been satisfied.