



# CROSS INTERNATIONAL, INC.

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
Cross International, Inc.  
Pompano Beach, Florida

We have audited the accompanying financial statements of Cross International, Inc. ("the Organization"), which consist of the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 audits 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 Organization'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 Organization'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 International, Inc. as of June 30, 2020 and 2019, 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.

*Battis Morrison Wales & Lee, P.A.*

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida  
October 19, 2020

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**CROSS INTERNATIONAL, INC.**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	June 30,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,036,911	\$ 692,778
Investments	200,000	230,948
Cash and investments restricted for long-term purposes	233,000	233,000
Inventories	—	4,245,536
Other assets	130,822	169,148
Property and equipment, net	25,704	37,060
<b>Total assets</b>	<b>\$ 1,626,437</b>	<b>\$ 5,608,470</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 297,967	\$ 429,730
Notes payable	681,819	344,331
<b>Total liabilities</b>	<b>979,786</b>	<b>774,061</b>
<b>NET ASSETS</b>		
Without donor restrictions	(80,244)	4,343,967
With donor restrictions	726,895	490,442
<b>Total net assets</b>	<b>646,651</b>	<b>4,834,409</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,626,437</b>	<b>\$ 5,608,470</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**CROSS INTERNATIONAL, INC.**  
STATEMENTS OF ACTIVITIES

	For The Year Ended June 30, 2020			For The Year
	Without Donor Restrictions	With Donor Restrictions	Total	Ended June 30, 2019
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Noncash contributions without donor restrictions	\$ 46,307,145	\$ —	\$ 46,307,145	\$ 79,522,724
Cash contributions without donor restrictions	4,963,143	—	4,963,143	1,120,923
Cash contributions with donor restrictions	—	1,346,852	1,346,852	5,716,492
Other revenue, net	(1,433)	—	(1,433)	227,353
Net assets released from time and use restrictions	<u>1,110,399</u>	<u>(1,110,399)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>52,379,254</u></b>	<b><u>236,453</u></b>	<b><u>52,615,707</u></b>	<b><u>86,587,492</u></b>
<b>EXPENSES</b>				
Program	53,445,954	—	53,445,954	82,957,199
Management and general	1,543,483	—	1,543,483	1,551,610
Fundraising	<u>1,814,028</u>	<u>—</u>	<u>1,814,028</u>	<u>1,807,434</u>
<b>Total expenses</b>	<b><u>56,803,465</u></b>	<b><u>—</u></b>	<b><u>56,803,465</u></b>	<b><u>86,316,243</u></b>
<b>Change in net assets without donor restrictions</b>	<b>(4,424,211)</b>	<b>—</b>	<b>(4,424,211)</b>	<b>13,807</b>
<b>Change in net assets with donor restrictions</b>	<b><u>—</u></b>	<b><u>236,453</u></b>	<b><u>236,453</u></b>	<b><u>257,442</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(4,424,211)</b>	<b>236,453</b>	<b>(4,187,758)</b>	<b>271,249</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>4,343,967</u></b>	<b><u>490,442</u></b>	<b><u>4,834,409</u></b>	<b><u>4,563,160</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ (80,244)</u></b>	<b><u>\$ 726,895</u></b>	<b><u>\$ 646,651</u></b>	<b><u>\$ 4,834,409</u></b>

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**CROSS INTERNATIONAL, INC.**  
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	June 30,	
	2020	2019
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 6,125,600	\$ 6,856,302
Cash received from other sources	6,524	210,738
Cash paid for operating activities and costs	(6,344,193)	(6,829,538)
<b>Net operating cash flows</b>	<b>(212,069)</b>	<b>237,502</b>
<b>INVESTING CASH FLOWS</b>		
Net proceeds from sales of investments	455,991	—
Purchases of and improvements to property and equipment	(4,277)	(27,118)
<b>Net investing cash flows</b>	<b>451,714</b>	<b>(27,118)</b>
<b>FINANCING CASH FLOWS</b>		
Proceeds from borrowings	354,704	—
Repayments of notes payable	(17,216)	(55,669)
<b>Net financing cash flows</b>	<b>337,488</b>	<b>(55,669)</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>577,133</b>	<b>154,715</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year</b>	<b>692,778</b>	<b>538,063</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year</b>	<b>\$ 1,269,911</b>	<b>\$ 692,778</b>
<b>REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 1,036,911	\$ 692,778
Restricted cash included in "Cash and investments restricted for long-term purposes"	233,000	—
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 1,269,911</b>	<b>\$ 692,778</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ (4,187,758)	\$ 271,249
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	15,633	8,420
Net loss (gain) on investments	7,957	(16,615)
Noncash donation of investments	(200,000)	—
Change in inventories	4,245,536	(215,938)
Change in other assets	38,326	(93,351)
Change in accounts payable and accrued expenses	(131,763)	283,737
<b>Net operating cash flows</b>	<b>\$ (212,069)</b>	<b>\$ 237,502</b>

The Accompanying Notes are an Integral  
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**CROSS INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2020

	Program Activities				Supporting Activities			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ —	\$ 204,049	\$ 73,489	\$ 277,538	\$ 595,960	\$ 388,902	\$ 984,862	\$ 1,262,400
Employee benefits	—	34,857	34,166	69,023	232,580	79,385	311,965	380,988
Payroll taxes	—	20,293	7,308	27,601	54,364	37,690	92,054	119,655
Total personnel-related expenses	—	259,199	114,963	374,162	882,904	505,977	1,388,881	1,763,043
Goods distributed	50,352,681	—	—	50,352,681	—	—	—	50,352,681
Grants	—	1,688,749	—	1,688,749	—	—	—	1,688,749
Airtime	—	—	466,094	466,094	—	466,094	466,094	932,188
Contractors and consultants	—	6,055	3,286	9,341	226,657	191,792	418,449	427,790
Other expenses	25,188	245,494	—	270,682	72,326	81,456	153,782	424,464
Merchant processing and bank fees	—	—	—	—	—	201,054	201,054	201,054
Shipping expenses	167,600	—	—	167,600	—	—	—	167,600
Professional services	—	—	—	—	147,160	—	147,160	147,160
Printing	—	—	—	—	—	143,567	143,567	143,567
Travel	—	32,337	37,095	69,432	17,088	35,890	52,978	122,410
Software	—	—	—	—	113,062	—	113,062	113,062
Advertising and solicitation	—	—	—	—	—	101,570	101,570	101,570
Occupancy	41,213	—	—	41,213	54,364	—	54,364	95,577
Postage	—	—	—	—	—	86,628	86,628	86,628
Equipment rental	—	—	—	—	14,786	—	14,786	14,786
Property insurance	—	—	—	—	9,695	—	9,695	9,695
Product acquisition fees	6,000	—	—	6,000	—	—	—	6,000
Office supplies	—	—	—	—	5,441	—	5,441	5,441
<b>Total</b>	<b>\$ 50,592,682</b>	<b>\$ 2,231,834</b>	<b>\$ 621,438</b>	<b>\$ 53,445,954</b>	<b>\$ 1,543,483</b>	<b>\$ 1,814,028</b>	<b>\$ 3,357,511</b>	<b>\$ 56,803,465</b>

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**CROSS INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2019

	Program Activities				Supporting Activities			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ —	\$ 160,987	\$ 183,263	\$ 344,250	\$ 610,680	\$ 266,738	\$ 877,418	\$ 1,221,668
Employee benefits	—	28,070	31,954	60,024	106,481	46,509	152,990	213,014
Payroll taxes	—	12,053	14,343	26,396	40,942	20,507	61,449	87,845
Total personnel-related expenses	—	201,110	229,560	430,670	758,103	333,754	1,091,857	1,522,527
Goods distributed	79,306,786	—	—	79,306,786	—	—	—	79,306,786
Grants	—	1,656,277	—	1,656,277	—	—	—	1,656,277
Airtime	—	—	785,046	785,046	—	785,046	785,046	1,570,092
Shipping expenses	454,880	—	—	454,880	3,003	502	3,505	458,385
Other expenses	45,949	116,686	—	162,635	146,857	68,265	215,122	377,757
Travel	—	10,975	80,280	91,255	27,886	124,828	152,714	243,969
Printing	—	—	—	—	21	203,359	203,380	203,380
Merchant processing and bank fees	—	—	—	—	155,368	—	155,368	155,368
Data processing	—	—	—	—	146,781	7,760	154,541	154,541
Postage	—	—	—	—	29,025	108,289	137,314	137,314
Occupancy	48,995	—	—	48,995	86,455	—	86,455	135,450
Advertising and solicitation	—	—	—	—	1,077	115,101	116,178	116,178
Professional services	—	—	—	—	70,004	9,315	79,319	79,319
Contractors and consultants	—	7,318	3,488	10,806	17,587	49,095	66,682	77,488
Equipment rental	417	—	—	417	58,122	1,683	59,805	60,222
Property insurance	—	—	—	—	33,788	—	33,788	33,788
Software	30	—	—	30	13,970	—	13,970	14,000
Product acquisition fees	9,300	—	—	9,300	—	—	—	9,300
Office supplies	70	32	—	102	3,563	437	4,000	4,102
<b>Total</b>	<b>\$ 79,866,427</b>	<b>\$ 1,992,398</b>	<b>\$ 1,098,374</b>	<b>\$ 82,957,199</b>	<b>\$ 1,551,610</b>	<b>\$ 1,807,434</b>	<b>\$ 3,359,044</b>	<b>\$ 86,316,243</b>

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**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES**

Cross International, Inc. (“the Organization”) was established in 2001 as a Florida not-for-profit corporation with its mission to mobilize the global Church to transform the poor and their communities materially and spiritually for the glory of Jesus Christ. Protestant churches located in Africa, the Caribbean, Latin America, and Southeast Asia are key beneficiaries. These ministries have dreams of helping the poor in their communities, but they lack the resources or funds needed to realize their goals. The Organization was created to empower these ministries by funding water and housing projects, providing food to feeding centers, medicines to clinics, educational materials to schools, and other specific commodities to outreaches of various kinds. The Organization also assists with operating expenses, including providing funding for teachers to schools and local crews for building construction. In this way, The Organization makes effective use of existing infrastructure by better utilizing the buildings and staff already in place overseas.

The Organization is an accredited member of the Evangelical Council for Financial Accountability, a national accrediting organization with standards in the areas of financial accountability, transparency, fundraising, and board governance.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

**Cash and cash equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

**Investments**

Investments as of June 30, 2020 consist of the Organization’s interest in a limited liability company which invests primarily in domestic real estate loans. The estimated fair value is based on amounts provided by the investee and for fair value measurement purposes, such amounts are valued using “Level 3” inputs.

Investments as of June 30, 2019 consist of a variable annuity contract with an insurance company. The estimated fair value is based on amounts provided by the insurance company and for fair value measurement purposes, such amounts are valued using “Level 2” inputs.

**Cash and investments restricted for long-term purposes**

Cash and investments restricted for long-term purposes are restricted for an endowment, distributions from which are required to be used for food and medicinal aid.

**Inventories**

Inventories consist of humanitarian relief goods which were not yet distributed to beneficiaries as of June 30, 2019. Inventories are recorded at estimated fair value on the date of the gift.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is computed using either the straight-line method or accelerated methods over the estimated useful lives of the respective assets.



**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of funds held for an endowment and amounts held by the Organization for use toward specific projects. The Organization satisfies certain use restrictions by distributing donated gifts-in-kind. However, the Organization strives to use at least 50% of restricted cash gifts in carrying out the related project.

**Functional allocation of expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**Income taxes**

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the useful lives of property and equipment and the estimated fair value of noncash contributions. Actual results could differ from the estimates.

**New accounting pronouncement**

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash is effective for the Organization’s financial statements as of and for the year ended June 30, 2020. The ASU requires that restricted cash amounts be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the statements of cash flows. The adoption of the ASU had no effect on the Organization’s net assets as of July 1, 2018 or the change in net assets presented for the year ended June 30, 2019. As required by applicable guidance, the Organization has retrospectively applied the ASU’s provisions to the statement of cash flows for the year ended June 30, 2019.

**Economic uncertainties**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending June 30, 2021.

**Reclassifications**

Certain amounts included in the financial statements as of and for the year ended June 30, 2019 have been reclassified to conform to classifications adopted during the year ended June 30, 2020. The reclassifications had no material effect on the accompanying financial statements.

**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through October 19, 2020, the date as of which the accompanying financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

Category	June 30,	
	2020	2019
Cash and cash equivalents	\$ 1,036,911	\$ 692,778
Investments	200,000	230,948
Cash and investments restricted for long-term purposes	233,000	233,000
Total financial assets available within one year	1,469,911	1,156,726
Less:		
Amounts unavailable for general expenditure within one year, due to donor imposed restrictions	(233,000)	(233,000)
Net financial assets available within one year	\$ 1,236,911	\$ 923,726

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain donor-restricted net assets that are available for general expenditure within one year, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Organization's programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. The Organization also has assets limited to use for long-term donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus those financial assets may not be available for general expenditures within one year, and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

**NOTE D – CONCENTRATIONS**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During the years ended June 30, 2020 and 2019, approximately 98% and 79% of total noncash contribution revenue was sourced from the Organization's largest three donors and two donors, respectively.

**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE E – TRANSACTIONS WITH COOPERATING MINISTRY**

The Organization and Cross Catholic Outreach, Inc. (“CCO”) operate under a shared services agreement, the terms of which are defined in the agreement. During the year ended June 30, 2020, the Organization paid CCO approximately \$100,000 under the shared services agreement for various administrative services. During the years ended June 30, 2020 and 2019, CCO paid the Organization approximately \$257,000 and \$566,000, respectively, for office rent and common area costs pursuant to a lease under which the Organization was liable. Additionally, the Organization has a note payable due to CCO, which is further described in Note H.

**NOTE F – CASH AND INVESTMENTS RESTRICTED FOR LONG-TERM PURPOSES**

Cash and investments restricted for long-term purposes consisted of the following:

<u>Category</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 233,000	\$ —
Investments	<u>—</u>	<u>233,000</u>
Total cash and investments restricted for long-term purposes	<u>\$ 233,000</u>	<u>\$ 233,000</u>

**NOTE G – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>Category</u>	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 84,560	\$ 84,560
Furniture and equipment	<u>262,705</u>	<u>258,428</u>
Total property and equipment	347,265	342,988
Less: Accumulated depreciation	<u>(321,561)</u>	<u>(305,928)</u>
Net property and equipment	<u>\$ 25,704</u>	<u>\$ 37,060</u>

Depreciation expense amounted to \$15,633 and \$8,420 during the years ended June 30, 2020 and 2019, respectively.

**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE H – NOTES PAYABLE**

Notes payable consisted of the following:

	June 30.	
	2020	2019
Paycheck Protection Program note payable (“PPP loan”) to a financial institution at a fixed rate of 1.00%; deferred interest and principal payments with the deferral period ending on the earlier of the date the Small Business Administration issues a decision on the forgiveness amount of the loan or September 2021; matures in June 2022; unsecured; see following paragraph for additional details	\$ 354,704	\$ —
Note payable to CCO in varying quarterly installments per the terms of the agreement; unsecured; matures in October 2024	327,115	344,331
Total	\$ 681,819	\$ 344,331

Pursuant to federal law, the PPP loan may be forgiven in whole or in part based on the nature of the Organization’s expenditures during an applicable period. Management expects that all or a significant portion of the loan will be forgiven. The Organization will recognize the amount forgiven as revenue when the conditions for forgiveness are met.

Approximate future maturities of notes payable are as follows (after giving effect to the expected forgiveness of all or a significant portion of the PPP loan described above):

Year Ending	
<u>June 30.</u>	
2021	\$ 52,000
2022	69,000
2023	77,000
2024	86,000
2025	43,000
Total	\$ 327,000

**NOTE I – RESTRICTIONS ON NET ASSETS**

Net assets were restricted by donors for the following purposes during the year ended June 30, 2020:

	Balance July 1	Contributions	Releases	Balance June 30
Disaster, educational, and other aid	\$ 257,442	\$ 911,714	\$ (904,465)	\$ 264,691
Reach25	—	371,656	(172,452)	199,204
Aid to orphans and vulnerable children	—	63,482	(33,482)	30,000
Endowment	233,000	—	—	233,000
Total	\$ 490,442	\$ 1,346,852	\$ (1,110,399)	\$ 726,895

**CROSS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE I – RESTRICTIONS ON NET ASSETS (Continued)**

Net assets were restricted by donors for the following purposes during the year ended June 30, 2019:

	Balance <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	Balance <u>June 30</u>
Disaster, educational, and other aid	\$ —	\$ 2,464,249	\$ (2,206,807)	\$ 257,442
Food, water, and medicinal aid	—	2,300,201	(2,300,201)	—
Aid to orphans and vulnerable children	—	537,590	(537,590)	—
Housing-related aid	—	414,452	(414,452)	—
Endowment	<u>233,000</u>	<u>—</u>	<u>—</u>	<u>233,000</u>
Total	<u>\$ 233,000</u>	<u>\$ 5,716,492</u>	<u>\$ (5,459,050)</u>	<u>\$ 490,442</u>

**NOTE J – NONCASH CONTRIBUTIONS**

The Organization receives donations of food, water, medicine, and other supplies for use in relieving suffering and poverty throughout the world. Noncash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to the end user or the date upon which the Organization no longer exercises practical control over the gifts. Pharmaceutical noncash contributions are generally valued using “wholesale acquisition cost” when available or 80% of the “average wholesale price” according to the Red Book, a well-known industry pricing guide. Non-pharmaceutical noncash contributions, such as clothing, building supplies, food, and water, are generally valued at 65% of the retail price for new items and 25% of the retail price for used items. The Organization considers the valuation practices used for noncash contributions to be consistent with industry standards.

**NOTE K – RETIREMENT PLAN**

The Organization has adopted a 401(k) Profit Sharing Plan (“the Plan”) for the benefit of the Organization’s employees. All employees meeting the Plan’s eligibility requirements may participate in the Plan. The Organization contributed approximately \$22,000 to the Plan during each of the years ended June 30, 2020 and 2019.

**NOTE L – FUNDRAISING ACTIVITIES**

The Organization incurred joint costs in the approximate amounts of \$932,000 and \$1,570,000 during the years ended June 30, 2020 and 2019, respectively, for informational activities which included fundraising appeals in connection with the Organization’s exempt purposes. Of those costs, approximately \$466,000 and \$785,000 were allocated to “program” expense, and approximately \$466,000 and \$785,000, were allocated to “fundraising” expense in the accompanying statements of activities, respectively.

**NOTE M – OPERATING LEASES**

The Organization leases building space and equipment under operating lease agreements. Total rent expense for all operating leases for the years ended June 30, 2020 and 2019 (including common area charges and short-term rentals) amounted to approximately \$69,000 and \$81,000, respectively. Future minimum rental payments under noncancelable operating leases are approximately \$32,000 for the year ending June 30, 2021.