



CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.

COMBINING AND COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015





REPORT OF INDEPENDENT AUDITOR

The Boards of Directors
Cross Catholic Outreach, Inc.
Cross International, Inc.
Pompano Beach, Florida

We have audited the accompanying combining and combined financial statements of Cross Catholic Outreach, Inc. and Cross International, Inc. (collectively "the Ministries"), which comprise the combining and combined statements of financial position as of December 31, 2016 and 2015, and the related individual and combined statements of activities, combining and combined statements of cash flows, and individual statements of functional expenses for the years then ended, and the related notes to the combining and combined financial statements.

Management's Responsibility for the Combining and Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combining and combined 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 combining and combined 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 combining and combined 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 combining and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ministries' preparation and fair presentation of the combining and combined 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 Ministries' 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 combining and combined 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 combining and combined financial statements referred to above present fairly, in all material respects, the combining and combined financial position of Cross Catholic Outreach, Inc. and Cross International, Inc. as of December 31, 2016 and 2015, the individual and combined changes in their net assets, and their combining and combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Fort Lauderdale, Florida
August 22, 2017

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CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION
 December 31, 2016

ASSETS

	Cross Catholic Outreach, Inc.	Cross International, Inc.	Eliminations	Combined Total
ASSETS				
Cash and cash equivalents	\$ 5,432,736	\$ 1,265,398	\$ —	\$ 6,698,134
Investments	609,808	159,675	—	769,483
Inventories	—	2,433,171	—	2,433,171
Due from affiliate	4,428,199	—	(4,428,199)	—
Pledges and other receivables, net	683,341	841,218	—	1,524,559
Other assets	136,185	41,203	—	177,388
Investments restricted to endowment	—	233,000	—	233,000
Property and equipment, net	1,455,748	43,989	—	1,499,737
Total assets	\$ 12,746,017	\$ 5,017,654	\$ (4,428,199)	\$ 13,335,472

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 767,914	\$ 187,597	\$ —	\$ 955,511
Due to affiliate	—	4,428,199	(4,428,199)	—
Total liabilities	767,914	4,615,796	(4,428,199)	955,511
NET ASSETS				
Unrestricted	11,898,613	145,753	—	12,044,366
Temporarily restricted	79,490	23,105	—	102,595
Permanently restricted	—	233,000	—	233,000
Total net assets	11,978,103	401,858	—	12,379,961
Total liabilities and net assets	\$ 12,746,017	\$ 5,017,654	\$ (4,428,199)	\$ 13,335,472

The Accompanying Notes are an Integral
 Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION
 December 31, 2015

ASSETS

	Cross Catholic Outreach, Inc.	Cross International, Inc.	Eliminations	Combined Total
ASSETS				
Cash and cash equivalents	\$ 9,621,527	\$ 465,221	\$ —	\$ 10,086,748
Investments	25,587	133,152	—	158,739
Inventories	—	2,430,315	—	2,430,315
Due from affiliate	3,072,598	—	(3,072,598)	—
Pledges and other receivables, net	125,393	536,419	—	661,812
Other assets	148,770	228,016	—	376,786
Investments restricted to endowment	—	233,000	—	233,000
Property and equipment, net	1,233,494	56,959	—	1,290,453
Total assets	\$ 14,227,369	\$ 4,083,082	\$ (3,072,598)	\$ 15,237,853

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 929,416	53,034	\$ —	\$ 982,450
Due to affiliate	—	3,072,598	(3,072,598)	—
Total liabilities	929,416	3,125,632	(3,072,598)	982,450
NET ASSETS				
Unrestricted	12,435,710	700,842	—	13,136,552
Temporarily restricted	862,243	23,608	—	885,851
Permanently restricted	—	233,000	—	233,000
Total net assets	13,297,953	957,450	—	14,255,403
Total liabilities and net assets	\$ 14,227,369	\$ 4,083,082	\$ (3,072,598)	\$ 15,237,853

CROSS CATHOLIC OUTREACH, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 287,297,762	\$ —	\$ —	\$ 287,297,762
Cash contributions	16,976,169	14,959,933	—	31,936,102
Other revenue	317,441	—	—	317,441
Net assets released from time and use restrictions	<u>15,742,686</u>	<u>(15,742,686)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>320,334,058</u>	<u>(782,753)</u>	<u>—</u>	<u>319,551,305</u>
EXPENSES				
Program	305,633,842	—	—	305,633,842
Management and general	8,883,300	—	—	8,883,300
Fundraising	<u>6,354,013</u>	<u>—</u>	<u>—</u>	<u>6,354,013</u>
Total expenses	<u>320,871,155</u>	<u>—</u>	<u>—</u>	<u>320,871,155</u>
CHANGE IN NET ASSETS	(537,097)	(782,753)	—	(1,319,850)
NET ASSETS - Beginning of year	<u>12,435,710</u>	<u>862,243</u>	<u>—</u>	<u>13,297,953</u>
NET ASSETS - End of year	<u>\$ 11,898,613</u>	<u>\$ 79,490</u>	<u>\$ —</u>	<u>\$ 11,978,103</u>

The Accompanying Notes are an Integral
Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 260,625,192	\$ —	\$ —	\$ 260,625,192
Cash contributions	16,048,604	14,205,034	—	30,253,638
Other revenue	388,277	—	—	388,277
Net assets released from time and use restrictions	<u>13,391,734</u>	<u>(13,391,734)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>290,453,807</u>	<u>813,300</u>	<u>—</u>	<u>291,267,107</u>
EXPENSES				
Program	277,267,634	—	—	277,267,634
Management and general	7,434,017	—	—	7,434,017
Fundraising	<u>5,610,247</u>	<u>—</u>	<u>—</u>	<u>5,610,247</u>
Total expenses	<u>290,311,898</u>	<u>—</u>	<u>—</u>	<u>290,311,898</u>
CHANGE IN NET ASSETS	141,909	813,300	—	955,209
NET ASSETS - Beginning of year	<u>12,293,801</u>	<u>48,943</u>	<u>—</u>	<u>12,342,744</u>
NET ASSETS - End of year	<u>\$ 12,435,710</u>	<u>\$ 862,243</u>	<u>\$ —</u>	<u>\$ 13,297,953</u>

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CROSS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 85,948,730	\$ —	\$ —	\$ 85,948,730
Cash contributions	1,088,590	5,834,085	—	6,922,675
Other revenue	177,775	—	—	177,775
Net assets released from time and use restrictions	<u>5,834,588</u>	<u>(5,834,588)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>93,049,683</u>	<u>(503)</u>	<u>—</u>	<u>93,049,180</u>
EXPENSES				
Program	89,777,560	—	—	89,777,560
Management and general	1,651,183	—	—	1,651,183
Fundraising	<u>2,176,029</u>	<u>—</u>	<u>—</u>	<u>2,176,029</u>
Total expenses	<u>93,604,772</u>	<u>—</u>	<u>—</u>	<u>93,604,772</u>
CHANGE IN NET ASSETS	(555,089)	(503)	—	(555,592)
NET ASSETS - Beginning of year	<u>700,842</u>	<u>23,608</u>	<u>233,000</u>	<u>957,450</u>
NET ASSETS - End of year	<u>\$ 145,753</u>	<u>\$ 23,105</u>	<u>\$ 233,000</u>	<u>\$ 401,858</u>

The Accompanying Notes are an Integral
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CROSS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 85,934,539	\$ —	\$ —	\$ 85,934,539
Cash contributions	1,578,867	5,317,730	—	6,896,597
Other revenue	133,158	—	—	133,158
Net assets released from time and use restrictions	<u>5,294,122</u>	<u>(5,294,122)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>92,940,686</u>	<u>23,608</u>	<u>—</u>	<u>92,964,294</u>
EXPENSES				
Program	89,439,680	—	—	89,439,680
Management and general	1,505,976	—	—	1,505,976
Fundraising	<u>2,072,380</u>	<u>—</u>	<u>—</u>	<u>2,072,380</u>
Total expenses	<u>93,018,036</u>	<u>—</u>	<u>—</u>	<u>93,018,036</u>
CHANGE IN NET ASSETS	(77,350)	23,608	—	(53,742)
NET ASSETS - Beginning of year	<u>778,192</u>	<u>—</u>	<u>233,000</u>	<u>1,011,192</u>
NET ASSETS - End of year	<u>\$ 700,842</u>	<u>\$ 23,608</u>	<u>\$ 233,000</u>	<u>\$ 957,450</u>

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CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 COMBINED STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 373,246,492	\$ —	\$ —	\$ 373,246,492
Cash contributions	18,064,759	20,794,018	—	38,858,777
Other revenue	495,216	—	—	495,216
Net assets released from time and use restrictions	<u>21,577,274</u>	<u>(21,577,274)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>413,383,741</u>	<u>(783,256)</u>	<u>—</u>	<u>412,600,485</u>
EXPENSES				
Program	395,411,402	—	—	395,411,402
Management and general	10,534,483	—	—	10,534,483
Fundraising	<u>8,530,042</u>	<u>—</u>	<u>—</u>	<u>8,530,042</u>
Total expenses	<u>414,475,927</u>	<u>—</u>	<u>—</u>	<u>414,475,927</u>
CHANGE IN NET ASSETS	(1,092,186)	(783,256)	—	(1,875,442)
NET ASSETS - Beginning of year	<u>13,136,552</u>	<u>885,851</u>	<u>233,000</u>	<u>14,255,403</u>
NET ASSETS - End of year	<u>\$ 12,044,366</u>	<u>\$ 102,595</u>	<u>\$ 233,000</u>	<u>\$ 12,379,961</u>

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 Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 COMBINED STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Noncash contributions	\$ 346,559,731	\$ —	\$ —	\$ 346,559,731
Cash contributions	17,627,471	19,522,764	—	37,150,235
Other revenue	521,435	—	—	521,435
Net assets released from time and use restrictions	<u>18,685,856</u>	<u>(18,685,856)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>383,394,493</u>	<u>836,908</u>	<u>—</u>	<u>384,231,401</u>
EXPENSES				
Program	366,707,314	—	—	366,707,314
Management and general	8,939,993	—	—	8,939,993
Fundraising	<u>7,682,627</u>	<u>—</u>	<u>—</u>	<u>7,682,627</u>
Total expenses	<u>383,329,934</u>	<u>—</u>	<u>—</u>	<u>383,329,934</u>
CHANGE IN NET ASSETS	64,559	836,908	—	901,467
NET ASSETS - Beginning of year	<u>13,071,993</u>	<u>48,943</u>	<u>233,000</u>	<u>13,353,936</u>
NET ASSETS - End of year	<u>\$ 13,136,552</u>	<u>\$ 885,851</u>	<u>\$ 233,000</u>	<u>\$ 14,255,403</u>

The Accompanying Notes are an Integral
 Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 COMBINING AND COMBINED STATEMENT OF CASH FLOWS
 For The Year Ended December 31, 2016

	Cross Catholic Outreach, Inc.	Cross International, Inc.	Combined Total
OPERATING CASH FLOWS			
Cash received from contributors	\$ 31,378,154	\$ 6,793,972	\$ 38,172,126
Cash received from other sources	317,441	177,775	495,216
Cash paid for operating activities and costs	(34,719,473)	(6,144,765)	(40,864,238)
Net operating cash flows	(3,023,878)	826,982	(2,196,896)
INVESTING CASH FLOWS			
Purchases of and improvements to property and equipment	(580,692)	(282)	(580,974)
Purchases of investments, net	(584,221)	(26,523)	(610,744)
Net investing cash flows	(1,164,913)	(26,805)	(1,191,718)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,188,791)	800,177	(3,388,614)
CASH AND CASH EQUIVALENTS - Beginning of year	9,621,527	465,221	10,086,748
CASH AND CASH EQUIVALENTS - End of year	\$ 5,432,736	\$ 1,265,398	\$ 6,698,134
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS			
Change in net assets	\$ (1,319,850)	\$ (555,592)	\$ (1,875,442)
Adjustments to reconcile change in net assets to net operating cash flows			
Depreciation	358,438	13,252	371,690
Change in inventories	—	(2,856)	(2,856)
Change in due to/from affiliate	(1,355,601)	1,355,601	—
Change in other assets	12,585	(4,642)	7,943
Change in pledges and other receivables	(557,948)	(304,799)	(862,747)
Change in accounts payable and accrued expenses	(161,502)	326,018	164,516
Net operating cash flows	\$ (3,023,878)	\$ 826,982	\$ (2,196,896)

The Accompanying Notes are an Integral
 Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
COMBINING AND COMBINED STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2015

	Cross Catholic Outreach, Inc.	Cross International, Inc.	Combined Total
OPERATING CASH FLOWS			
Cash received from contributors	\$ 30,253,638	\$ 6,896,597	\$ 37,150,235
Cash received from other sources	388,277	133,158	521,435
Cash paid for operating activities and costs	<u>(29,385,014)</u>	<u>(7,467,750)</u>	<u>(36,852,764)</u>
Net operating cash flows	<u>1,256,901</u>	<u>(437,995)</u>	<u>818,906</u>
INVESTING CASH FLOWS			
Purchases of and improvements to property and equipment	<u>(672,259)</u>	<u>(673)</u>	<u>(672,932)</u>
Net investing cash flows	<u>(672,259)</u>	<u>(673)</u>	<u>(672,932)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	584,642	(438,668)	145,974
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,036,885</u>	<u>903,889</u>	<u>9,940,774</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 9,621,527</u>	<u>\$ 465,221</u>	<u>\$ 10,086,748</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS			
Change in net assets	\$ 955,209	\$ (53,742)	\$ 901,467
Adjustments to reconcile change in net assets to net operating cash flows			
Depreciation	143,152	18,773	161,925
Change in inventories	—	(54,407)	(54,407)
Change in due to/from affiliate	—	—	—
Change in other assets	217,529	(3,224)	214,305
Change in pledges and other receivables	(38,706)	(321,979)	(360,685)
Change in accounts payable and accrued expenses	<u>(20,283)</u>	<u>(23,416)</u>	<u>(43,699)</u>
Net operating cash flows	<u>\$ 1,256,901</u>	<u>\$ (437,995)</u>	<u>\$ 818,906</u>

The Accompanying Notes are an Integral
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CROSS CATHOLIC OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2016

	Program				Supporting			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 808,326	\$ 669,244	\$ 2,009,838	\$ 3,487,408	\$ 3,939,512	\$ 1,590,162	\$ 5,529,674	\$ 9,017,082
Employee benefits	239,478	218,673	271,441	729,592	1,092,594	384,507	1,477,101	2,206,693
Payroll taxes	63,513	45,304	46,274	155,091	286,210	112,695	398,905	553,996
Total personnel-related expenses	1,111,317	933,221	2,327,553	4,372,091	5,318,316	2,087,364	7,405,680	11,777,771
Goods distributed	287,147,762	—	—	287,147,762	—	—	—	287,147,762
Grants	—	9,394,758	—	9,394,758	140,000	—	140,000	9,534,758
Shipping expenses	2,484,269	—	—	2,484,269	497	4,074	4,571	2,488,840
Printing	57,195	—	254,227	311,422	9,615	1,692,354	1,701,969	2,013,391
Travel	111,744	128,703	641,814	882,261	118,810	408,604	527,414	1,409,675
Postage	25,665	92	61,850	87,607	253,877	963,707	1,217,584	1,305,191
Other expenses	48,690	210,132	28,344	287,166	558,988	156,105	715,093	1,002,259
Occupancy	215,326	—	—	215,326	642,808	6,811	649,619	864,945
Data processing	—	—	—	—	481,329	189,232	670,561	670,561
Advertising and solicitation	49,150	—	11,402	60,552	5,716	524,513	530,229	590,781
Contractors and consultants	72,418	68,773	2,770	143,961	177,660	164,269	341,929	485,890
Equipment rental	572	396	—	968	357,111	2,792	359,903	360,871
Merchant processing and bank fees	—	—	—	—	305,346	—	305,346	305,346
Product acquisition fees	209,146	—	—	209,146	—	74,866	74,866	284,012
Professional services	1,777	—	—	1,777	169,695	49,353	219,048	220,825
Property insurance	—	—	—	—	162,205	—	162,205	162,205
Office supplies	13,372	511	1,496	15,379	89,829	18,973	108,802	124,181
Software	384	243	—	627	91,498	1,046	92,544	93,171
Airtime	8,820	—	9,950	18,770	—	9,950	9,950	28,720
Total	\$ 291,557,607	\$ 10,736,829	\$ 3,339,406	\$ 305,633,842	\$ 8,883,300	\$ 6,354,013	\$ 15,237,313	\$ 320,871,155

The Accompanying Notes are an Integral
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CROSS CATHOLIC OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2015

	Program				Supporting			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 673,932	\$ 635,385	\$ 2,104,754	\$ 3,414,071	\$ 3,201,873	\$ 1,417,524	\$ 4,619,397	\$ 8,033,468
Employee benefits	146,709	126,573	243,487	516,769	1,097,973	362,043	1,460,016	1,976,785
Payroll taxes	52,726	41,647	51,010	145,383	240,725	96,453	337,178	482,561
Total personnel-related expenses	873,367	803,605	2,399,251	4,076,223	4,540,571	1,876,020	6,416,591	10,492,814
Goods distributed	260,625,192	—	—	260,625,192	—	—	—	260,625,192
Grants	—	8,823,233	—	8,823,233	32,118	—	32,118	8,855,351
Printing	69,993	—	286,704	356,697	13,488	1,554,945	1,568,433	1,925,130
Shipping expenses	1,630,746	—	—	1,630,746	1,734	1,203	2,937	1,633,683
Other expenses	33,469	203,665	69,766	306,900	752,497	177,243	929,740	1,236,640
Travel	75,948	122,440	560,011	758,399	89,934	343,514	433,448	1,191,847
Postage	11,029	34	65,274	76,337	243,331	803,835	1,047,166	1,123,503
Occupancy	195,864	—	—	195,864	606,499	16,062	622,561	818,425
Data processing	—	—	—	—	466,481	264,260	730,741	730,741
Advertising and solicitation	20,714	—	9,519	30,233	1,451	396,938	398,389	428,622
Contractors and consultants	74,597	50,942	15,502	141,041	132,181	119,566	251,747	392,788
Professional services	6,231	—	1,750	7,981	315,813	8,164	323,977	331,958
Product acquisition fees	227,588	—	—	227,588	154	37,018	37,172	264,760
Merchant processing and bank fees	—	—	—	—	237,765	279	238,044	238,044
Airtime	—	—	11,200	11,200	—	11,200	11,200	22,400
Total	<u>\$ 263,844,738</u>	<u>\$ 10,003,919</u>	<u>\$ 3,418,977</u>	<u>\$ 277,267,634</u>	<u>\$ 7,434,017</u>	<u>\$ 5,610,247</u>	<u>\$ 13,044,264</u>	<u>\$ 290,311,898</u>

The Accompanying Notes are an Integral
Part of These Combining and Combined Financial Statements

CROSS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2016

	Program				Supporting			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 113,858	\$ 155,812	\$ 153,074	\$ 422,744	\$ 699,618	\$ 410,020	\$ 1,109,638	\$ 1,532,382
Employee benefits	33,964	68,623	31,093	133,680	199,148	76,772	275,920	409,600
Payroll taxes	9,866	11,694	12,622	34,182	50,889	32,352	83,241	117,423
Total personnel-related expenses	157,688	236,129	196,789	590,606	949,655	519,144	1,468,799	2,059,405
Goods distributed	85,945,874	—	—	85,945,874	—	—	—	85,945,874
Grants	—	1,844,501	—	1,844,501	—	—	—	1,844,501
Airtime	—	—	726,503	726,503	—	726,502	726,502	1,453,005
Shipping expenses	549,181	—	—	549,181	110	3,163	3,273	552,454
Printing	—	—	313	313	8,644	307,079	315,723	316,036
Travel	3,515	259	66,590	70,364	19,309	154,880	174,189	244,553
Postage	253	17	787	1,057	38,758	187,539	226,297	227,354
Other expenses	(8,470)	931	3,750	(3,789)	79,110	79,546	158,656	154,867
Data processing	—	—	—	—	137,109	7,121	144,230	144,230
Advertising and solicitation	—	—	—	—	1,296	130,642	131,938	131,938
Occupancy	14,925	—	—	14,925	102,587	—	102,587	117,512
Contractors and consultants	15,835	20,963	—	36,798	43,510	24,949	68,459	105,257
Merchant processing and bank fees	—	—	—	—	87,618	—	87,618	87,618
Equipment rental	—	80	—	80	71,452	1,473	72,925	73,005
Professional services	—	—	—	—	42,575	16,532	59,107	59,107
Property insurance	—	—	—	—	33,223	—	33,223	33,223
Office supplies	850	105	67	1,022	17,382	3,494	20,876	21,898
Software	75	50	—	125	18,845	214	19,059	19,184
Product acquisition fees	—	—	—	—	—	13,751	13,751	13,751
Total	\$ 86,679,726	\$ 2,103,035	\$ 994,799	\$ 89,777,560	\$ 1,651,183	\$ 2,176,029	\$ 3,827,212	\$ 93,604,772

The Accompanying Notes are an Integral
Part of These Combining and Combined Financial Statements

CROSS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2015

	Program				Supporting			Total Expenses
	Medical, Food, and Other Assistance	Project Development	Missions Education	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 101,629	\$ 148,382	\$ 171,776	\$ 421,787	\$ 552,004	\$ 389,169	\$ 941,173	\$ 1,362,960
Employee benefits	28,112	51,882	27,859	107,853	181,484	74,824	256,308	364,161
Payroll taxes	8,034	10,966	13,790	32,790	40,524	31,404	71,928	104,718
Total personnel-related expenses	137,775	211,230	213,425	562,430	774,012	495,397	1,269,409	1,831,839
Goods distributed	85,880,132	—	—	85,880,132	—	—	—	85,880,132
Grants	—	1,701,614	—	1,701,614	541	—	541	1,702,155
Airtime	—	—	758,837	758,837	—	750,337	750,337	1,509,174
Shipping expenses	416,959	—	—	416,959	—	—	—	416,959
Printing	—	—	4,878	4,878	2,820	342,042	344,862	349,740
Postage	3,195	4	16	3,215	61,382	195,593	256,975	260,190
Other expenses	1,420	2,065	195	3,680	156,035	50,363	206,398	210,078
Data processing	—	—	—	—	169,611	20,499	190,110	190,110
Travel	5,693	156	46,194	52,043	18,715	100,950	119,665	171,708
Merchant processing and bank fees	—	—	—	—	170,553	—	170,553	170,553
Occupancy	11,744	—	—	11,744	97,973	—	97,973	109,717
Advertising and solicitation	—	—	—	—	85	77,000	77,085	77,085
Contractors and consultants	10,466	12,432	—	22,898	21,863	27,698	49,561	72,459
Product acquisition fees	21,250	—	—	21,250	—	12,481	12,481	33,731
Professional services	—	—	—	—	32,386	20	32,406	32,406
Total	<u>\$ 86,488,634</u>	<u>\$ 1,927,501</u>	<u>\$ 1,023,545</u>	<u>\$ 89,439,680</u>	<u>\$ 1,505,976</u>	<u>\$ 2,072,380</u>	<u>\$ 3,578,356</u>	<u>\$ 93,018,036</u>

The Accompanying Notes are an Integral
Part of These Combining and Combined Financial Statements

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Cross Catholic Outreach, Inc. (“CCO”) and Cross International, Inc. (“CI”) form The Cross International Alliance (“the Alliance”) and were established in 2001 as Florida not-for-profit corporations for the purpose of helping Christian churches worldwide better serve the poor. Catholic and 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. CCO and CI were 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. CCO and CI also assist with operating expenses, including providing funding for teachers to schools and local crews for building construction. In this way, CCO and CI make effective use of existing infrastructure by better utilizing the buildings and staff already in place overseas.

The accompanying combining and combined financial statements include the accounts of CCO and CI, which operate under common management.

CCO is a member of both the International Catholic Stewardship Council and the National Catholic Development Conference. The mission of the International Catholic Stewardship Council is to foster an environment in which stewardship is understood, accepted, and practiced throughout the Catholic church. The National Catholic Development Conference is an association of charitable religious fundraisers and works for and with its member organizations in the context of fundraising as a ministry. CI 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.

Collectively, CCO and CI will be referred to as “the Ministries” in the notes that follow.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted and unrestricted revenue and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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 Ministries consider investment instruments purchased or donated with original maturities of three months or less to be cash and cash equivalents.

Inventories

Inventories consist of humanitarian relief goods which were not yet distributed to beneficiaries as of December 31, 2016 and 2015. Inventories are recorded at estimated fair value on the date of the gift.

Investments restricted to endowment

Investments restricted to endowment held by CI consist of amounts invested in a mutual fund, carried at estimated fair value, distributions from which are required to be used for food and medicinal aid.

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Temporarily restricted net assets

Temporarily restricted net assets consist primarily of amounts held by the Ministries for use toward specific projects. The Ministries satisfy certain use restrictions by distributing donated gifts in-kind. However, the Ministries strive to use at least 50% of restricted cash gifts in carrying out the related project.

Income taxes

The Ministries are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Ministries are further classified as public charities and not private foundations for federal tax purposes. The Ministries have not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. The Ministries have not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

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 combining and combined 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.

Reclassifications

Certain amounts included in the 2015 financial statements have been reclassified to conform to classifications adopted during 2016. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Ministries have evaluated for possible financial reporting and disclosure subsequent events through August 22, 2017, the date as of which the accompanying financial statements were available to be issued.

NOTE C – CONCENTRATIONS

The Ministries maintain their 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 Ministries have not experienced any losses in such accounts, and believe they are not exposed to any significant credit risk related to cash and cash equivalents.

During 2016 and 2015, approximately 95% of total noncash contribution revenue was sourced from the Ministries' three largest donors.

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE D – DUE FROM AND DUE TO AFFILIATE

As of December 31, 2016 and 2015, CCO’s financial statements included an asset (“due from affiliate”) and CI’s financial statements included a liability (“due to affiliate”) of \$4,428,199 and \$3,072,598, respectively, for amounts owed by CI to CCO due to deficits incurred by CI which were funded by CCO. CI plans to repay CCO as positive cash flows permit.

NOTE E – PROPERTY AND EQUIPMENT

As of December 31, 2016, property and equipment consisted of the following:

<u>Category</u>	<u>CCO</u>	<u>CI</u>	<u>Combined</u>
Leasehold improvements	\$ 268,275	\$ 84,560	\$ 352,835
Furniture and equipment	<u>2,173,064</u>	<u>231,310</u>	<u>2,404,374</u>
Total property and equipment	2,441,339	315,870	2,757,209
Less: Accumulated depreciation	<u>(985,591)</u>	<u>(271,881)</u>	<u>(1,257,472)</u>
Net property and equipment	<u>\$ 1,455,748</u>	<u>\$ 43,989</u>	<u>\$ 1,499,737</u>

As of December 31, 2015, property and equipment consisted of the following:

<u>Category</u>	<u>CCO</u>	<u>CI</u>	<u>Combined</u>
Leasehold improvements	\$ 138,817	\$ 84,278	\$ 223,095
Furniture and equipment	<u>1,721,830</u>	<u>231,310</u>	<u>1,953,140</u>
Total property and equipment	1,860,647	315,588	2,176,235
Less: Accumulated depreciation	<u>(627,153)</u>	<u>(258,629)</u>	<u>(885,782)</u>
Net property and equipment	<u>\$ 1,233,494</u>	<u>\$ 56,959</u>	<u>\$ 1,290,453</u>

During 2016 and 2015, depreciation expense was \$358,438 and \$143,152 for CCO and \$13,252 and \$18,773 for CI, respectively, resulting in combined depreciation expense of \$371,690 and \$161,925, respectively.

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE F – RESTRICTIONS ON NET ASSETS

Temporarily restricted net asset activity during 2016 for CCO was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Food, water, and medicinal aid	\$ 360,043	\$ 2,982,276	\$ (3,286,176)	\$ 56,143
Disaster, educational, and other aid	378,350	5,754,738	(6,112,524)	20,564
Aid to orphans and vulnerable children	44,000	3,727,906	(3,769,373)	2,533
Housing-related aid	<u>79,850</u>	<u>2,495,013</u>	<u>(2,574,613)</u>	<u>250</u>
Total	<u>\$ 862,243</u>	<u>\$ 14,959,933</u>	<u>\$ (15,742,686)</u>	<u>\$ 79,490</u>

Temporarily restricted net asset activity during 2015 for CCO was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Disaster, educational, and other aid	\$ —	\$ 6,279,106	\$ (5,900,756)	\$ 378,350
Food, water, and medicinal aid	48,943	2,553,748	(2,242,648)	360,043
Housing-related aid	—	4,685,260	(4,605,410)	79,850
Aid to orphans and vulnerable children	<u>—</u>	<u>686,920</u>	<u>(642,920)</u>	<u>44,000</u>
Total	<u>\$ 48,943</u>	<u>\$ 14,205,034</u>	<u>\$ (13,391,734)</u>	<u>\$ 862,243</u>

Temporarily restricted net asset activity during 2016 for CI was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Food, water, and medicinal aid	\$ —	\$ 1,184,602	\$ (1,170,262)	\$ 14,340
Disaster, educational, and other aid	10,958	3,382,269	(3,384,462)	8,765
Aid to orphans and vulnerable children	12,650	778,662	(791,312)	—
Housing-related aid	<u>—</u>	<u>488,552</u>	<u>(488,552)</u>	<u>—</u>
Total	<u>\$ 23,608</u>	<u>\$ 5,834,085</u>	<u>\$ (5,834,588)</u>	<u>\$ 23,105</u>

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE F – RESTRICTIONS ON NET ASSETS (Continued)

Temporarily restricted net asset activity during 2015 for CI was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Aid to orphans and vulnerable children	\$ —	\$ 1,662,756	\$ (1,650,106)	\$ 12,650
Disaster, educational, and other aid	—	2,451,533	(2,440,575)	10,958
Food, water, and medicinal aid	—	805,418	(805,418)	—
Housing-related aid	—	398,023	(398,023)	—
Total	<u>\$ —</u>	<u>\$ 5,317,730</u>	<u>\$ (5,294,122)</u>	<u>\$ 23,608</u>

Combined temporarily restricted net asset activity during 2016 was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Food, water, and medicinal aid	\$ 360,043	\$ 4,166,878	\$ (4,456,438)	\$ 70,483
Disaster, educational, and other aid	389,308	9,137,007	(9,496,986)	29,329
Aid to orphans and vulnerable children	56,650	4,506,568	(4,560,685)	2,533
Housing-related aid	79,850	2,983,565	(3,063,165)	250
Total	<u>\$ 885,851</u>	<u>\$ 20,794,018</u>	<u>\$ (21,577,274)</u>	<u>\$ 102,595</u>

Combined temporarily restricted net asset activity during 2015 was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Disaster, educational, and other aid	\$ —	\$ 8,730,639	\$ (8,341,331)	\$ 389,308
Food, water, and medicinal aid	48,943	3,359,166	(3,048,066)	360,043
Housing-related aid	—	5,083,283	(5,003,433)	79,850
Aid to orphans and vulnerable children	—	2,349,676	(2,293,026)	56,650
Total	<u>\$ 48,943</u>	<u>\$ 19,522,764</u>	<u>\$ (18,685,856)</u>	<u>\$ 885,851</u>

Permanently restricted net assets consist of an endowment held by CI, distributions from which are restricted for food and medicinal aid.

CROSS CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

NOTE G – NONCASH CONTRIBUTIONS

The Ministries receive 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 Ministries no longer exercise 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 Ministries consider the valuation practices used for noncash contributions to be consistent with industry standards.

NOTE H – RETIREMENT PLAN

CI has adopted a 401(k) Profit Sharing Plan (“the Plan”) for the benefit of the Ministries’ employees. All employees meeting the Plan’s eligibility requirements may participate in the Plan. During 2016 and 2015, CCO contributed approximately \$156,000 and \$101,000 to the Plan, and CI contributed approximately \$32,000 and \$21,000 to the Plan, respectively, resulting in combined contributions to the Plan of approximately \$188,000 and \$122,000, respectively.

NOTE I – FUNDRAISING ACTIVITIES

During 2016, CI incurred joint costs in the amount of \$1,453,005 for informational activities which included fundraising appeals in connection with CI’s exempt purposes. Of those costs, \$726,502 was allocated to fundraising expense and \$726,503 was allocated to missions education expense.

During 2015, CI incurred joint costs in the amount of \$1,509,174 for informational activities which included fundraising appeals in connection with CI’s exempt purposes. Of those costs, \$750,337 was allocated to fundraising expense and \$758,837 was allocated to missions education expense.

NOTE J – OPERATING LEASES

The Ministries lease building space and equipment under operating lease agreements. Total rent expense for all operating leases for 2016 and 2015 (including common area charges and short-term rentals) amounted to approximately \$821,000 and \$727,000 for CCO and \$143,000 and \$124,000 for CI, respectively, resulting in combined rent expense of approximately \$964,000 and \$851,000, respectively.

Future minimum rental payments under noncancellable operating leases are approximately as follows:

Year Ending <u>December 31,</u>	
2017	\$ 586,000
2018	<u>24,000</u>
Total	<u>\$ 610,000</u>