

**The Cross-Over Ministry, Inc.**

***Report on Financial Statements***

***For the years ended June 30, 2015 and 2014***

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# The Cross-Over Ministry, Inc.

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## **Independent Auditor's Report**

To the Board of Directors  
The Cross-Over Ministry, Inc.  
Richmond, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Cross-Over Ministry, Inc. (the "Organization") which comprise the statements of financial position as of June 30, 2015 and 2014, 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; 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. 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 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 The Cross-Over Ministry, Inc. as of June 30, 2015 and 2014, 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.

*Elliott Davis Decosimo, LLC*

Richmond, Virginia  
November 16, 2015

# The Cross-Over Ministry, Inc.

## Statements of Financial Position

As of June 30, 2015 and 2014

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b>Assets</b>                              |                     |                     |
| <b><i>Current assets</i></b>               |                     |                     |
| Cash and cash equivalents                  | \$ 343,724          | \$ 433,846          |
| Grants and other receivables, net          | 202,261             | 232,997             |
| Inventory                                  | 728,601             | 789,823             |
| Other current assets                       | 41,712              | 19,971              |
| Total current assets                       | <u>1,316,298</u>    | <u>1,476,637</u>    |
| <b><i>Property, and equipment, net</i></b> | 521,134             | 409,467             |
| Total assets                               | <u>\$ 1,837,432</u> | <u>\$ 1,886,104</u> |
| <b>Liabilities and Net Assets</b>          |                     |                     |
| <b><i>Current liabilities</i></b>          |                     |                     |
| Accounts payable and accrued expenses      | \$ 41,790           | \$ 28,964           |
| Accrued payroll                            | 88,157              | 101,607             |
| Total current liabilities                  | <u>129,947</u>      | <u>130,571</u>      |
| <b><i>Net assets</i></b>                   |                     |                     |
| Unrestricted                               | 1,595,913           | 1,385,009           |
| Temporarily restricted                     | 111,572             | 370,524             |
| Total net assets                           | <u>1,707,485</u>    | <u>1,755,533</u>    |
| Total liabilities and net assets           | <u>\$ 1,837,432</u> | <u>\$ 1,886,104</u> |

See Notes to Financial Statements

# The Cross-Over Ministry, Inc.

## Statement of Activities

For the year ended June 30, 2015

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>Support and revenue</b>                   |                     |                                   |                     |
| Contributions:                               |                     |                                   |                     |
| Individuals                                  | \$ 677,760          | \$ 35,000                         | \$ 712,760          |
| Grants and corporate gifts                   | 1,045,282           | 83,893                            | 1,129,175           |
| In-kind contributions:                       |                     |                                   |                     |
| General                                      | 841,754             | -                                 | 841,754             |
| Pharmaceuticals                              | 4,772,008           | -                                 | 4,772,008           |
| Client service revenue                       | 625,013             | -                                 | 625,013             |
|  | <u>7,961,817</u>    | <u>118,893</u>                    | <u>8,080,710</u>    |
| <b>Net assets released from restrictions</b> | <u>377,845</u>      | <u>(377,845)</u>                  | <u>-</u>            |
| Total support and revenue                    | <u>8,339,662</u>    | <u>(258,952)</u>                  | <u>8,080,710</u>    |
| <b>Expenses</b>                              |                     |                                   |                     |
| Program services:                            |                     |                                   |                     |
| Client services                              | <u>7,675,343</u>    | <u>-</u>                          | <u>7,675,343</u>    |
| Supporting services:                         |                     |                                   |                     |
| Management and general                       | 174,364             | -                                 | 174,364             |
| Fundraising                                  | <u>279,051</u>      | <u>-</u>                          | <u>279,051</u>      |
| Total supporting services                    | <u>453,415</u>      | <u>-</u>                          | <u>453,415</u>      |
| Total expenses                               | <u>8,128,758</u>    | <u>-</u>                          | <u>8,128,758</u>    |
| Change in net assets                         | 210,904             | (258,952)                         | (48,048)            |
| <b>Net assets at beginning of year</b>       | <u>1,385,009</u>    | <u>370,524</u>                    | <u>1,755,533</u>    |
| <b>Net assets at end of year</b>             | <u>\$ 1,595,913</u> | <u>\$ 111,572</u>                 | <u>\$ 1,707,485</u> |

See Notes to Financial Statements

# The Cross-Over Ministry, Inc.

## Statement of Activities

For the year ended June 30, 2014

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>Support and revenue</b>                   |                     |                                   |                     |
| Contributions:                               |                     |                                   |                     |
| Individuals                                  | \$ 526,829          | \$ -                              | \$ 526,829          |
| Grants and corporate gifts                   | 945,980             | 475,755                           | 1,421,735           |
| In-kind contributions:                       |                     |                                   |                     |
| General                                      | 930,863             | -                                 | 930,863             |
| Pharmaceuticals                              | 6,810,088           | -                                 | 6,810,088           |
| Client service revenue                       | 527,590             | -                                 | 527,590             |
|  | <u>9,741,350</u>    | <u>475,755</u>                    | <u>10,217,105</u>   |
| <b>Net assets released from restrictions</b> | <u>229,025</u>      | <u>(229,025)</u>                  | <u>-</u>            |
| Total support and revenue                    | <u>9,970,375</u>    | <u>246,730</u>                    | <u>10,217,105</u>   |
| <b>Expenses</b>                              |                     |                                   |                     |
| Program services:                            |                     |                                   |                     |
| Client services                              | <u>9,831,025</u>    | <u>-</u>                          | <u>9,831,025</u>    |
| Supporting services:                         |                     |                                   |                     |
| Management and general                       | 192,038             | -                                 | 192,038             |
| Fundraising                                  | 281,545             | -                                 | 281,545             |
| Total supporting services                    | <u>473,583</u>      | <u>-</u>                          | <u>473,583</u>      |
| Total expenses                               | <u>10,304,608</u>   | <u>-</u>                          | <u>10,304,608</u>   |
| Change in net assets                         | (334,233)           | 246,730                           | (87,503)            |
| <b>Net assets at beginning of year</b>       | <u>1,719,242</u>    | <u>123,794</u>                    | <u>1,843,036</u>    |
| <b>Net assets at end of year</b>             | <u>\$ 1,385,009</u> | <u>\$ 370,524</u>                 | <u>\$ 1,755,533</u> |

See Notes to Financial Statements

**The Cross-Over Ministry, Inc.****Statement of Functional Expenses****For the year ended June 30, 2015**

|   | Program<br>Services | Supporting Services       |                   | Total<br>Expenses   |
|---|---------------------|---------------------------|-------------------|---------------------|
|   | Client Services     | Management<br>and General | Fundraising       |                     |
| Advertising   | \$ -                | \$ -                      | \$ 227            | \$ 227              |
| Bad debt adjustment   | -                   | (12,104)                  | -                 | (12,104)            |
| Building expenses   | 63,131              | 651                       | 1,302             | 65,084              |
| Computer maintenance  | 33,150              | 698                       | 1,047             | 34,895              |
| Medical supplies  | 111,127             | -                         | -                 | 111,127             |
| Meeting expense   | 2,002               | 1,202                     | 800               | 4,004               |
| Membership dues   | 8,351               | 13,626                    | -                 | 21,977              |
| Mileage and tolls   | 1,960               | 119                       | 283               | 2,362               |
| Miscellaneous   | 21,828              | 10,914                    | 10,914            | 43,656              |
| Office rent   | 97,284              | 2,092                     | 5,230             | 104,606             |
| Office supplies   | 18,535              | 1,117                     | 2,679             | 22,331              |
| Payroll processing  | -                   | 4,634                     | -                 | 4,634               |
| Postage   | 4,830               | 805                       | 10,465            | 16,100              |
| Printing  | 7,240               | 4,344                     | 17,376            | 28,960              |
| Professional fees   | -                   | 15,582                    | -                 | 15,582              |
| Professional liability  | 31,856              | -                         | -                 | 31,856              |
| Program support   | 13,343              | -                         | -                 | 13,343              |
| Public relations  | -                   | -                         | 3,309             | 3,309               |
| Repairs and maintenance   | 6,125               | -                         | -                 | 6,125               |
| Salaries and fringe benefits  | 1,455,589           | 87,686                    | 210,447           | 1,753,722           |
| Software expense  | 60,847              | 3,803                     | 11,409            | 76,059              |
| Staff development   | 5,768               | 347                       | 834               | 6,949               |
| Telephone   | 18,877              | 1,137                     | 2,729             | 22,743              |
| Utilities   | 9,851               | -                         | -                 | 9,851               |
| Water and gas   | 5,516               | -                         | -                 | 5,516               |
| Total expenses before<br>depreciation and contributed<br>pharmaceuticals, services and supplies | 1,977,210           | 136,653                   | 279,051           | 2,392,914           |
| Depreciation  | 60,861              | -                         | -                 | 60,861              |
| Contributed pharmaceuticals<br>distributed  | 4,833,230           | -                         | -                 | 4,833,230           |
| Contributed services and<br>supplies  | 804,042             | 37,711                    | -                 | 841,753             |
| Total expenses  | <u>\$ 7,675,343</u> | <u>\$ 174,364</u>         | <u>\$ 279,051</u> | <u>\$ 8,128,758</u> |

**See Notes to Financial Statements**



**The Cross-Over Ministry, Inc.****Statement of Functional Expenses****For the year ended June 30, 2014**

|   | Program<br>Services | Supporting Services       |                   | Total<br>Expenses    |
|---|---------------------|---------------------------|-------------------|----------------------|
|   | Client Services     | Management<br>and General | Fundraising       |                      |
| Advertising   | \$ -                | \$ -                      | \$ 1,785          | \$ 1,785             |
| Bad debt expense  | -                   | 247                       | -                 | 247                  |
| Building expenses   | 55,997              | 577                       | 1,155             | 57,729               |
| Computer maintenance  | 37,676              | 793                       | 1,190             | 39,659               |
| Medical supplies  | 96,858              | -                         | -                 | 96,858               |
| Meeting expense   | 1,778               | 1,067                     | 711               | 3,556                |
| Membership dues   | 7,986               | 13,031                    | -                 | 21,017               |
| Mileage and tolls   | 1,751               | 106                       | 253               | 2,110                |
| Miscellaneous   | 20,955              | 10,478                    | 10,477            | 41,910               |
| Office rent   | 98,943              | 2,128                     | 5,319             | 106,390              |
| Office supplies   | 21,812              | 1,314                     | 3,153             | 26,279               |
| Payroll processing  | -                   | 4,669                     | -                 | 4,669                |
| Postage   | 4,860               | 810                       | 10,531            | 16,201               |
| Printing  | 4,447               | 2,668                     | 10,671            | 17,786               |
| Professional fees   | -                   | 16,008                    | -                 | 16,008               |
| Professional liability  | 36,493              | -                         | -                 | 36,493               |
| Program support   | 6,865               | -                         | -                 | 6,865                |
| Public relations  | -                   | -                         | 3,982             | 3,982                |
| Repairs and maintenance   | 7,595               | -                         | -                 | 7,595                |
| Salaries and fringe benefits  | 1,550,950           | 93,431                    | 224,234           | 1,868,615            |
| Software expense  | 21,026              | 1,314                     | 3,943             | 26,283               |
| Staff development   | 7,372               | 444                       | 1,066             | 8,882                |
| Telephone   | 21,275              | 1,282                     | 3,075             | 25,632               |
| Utilities   | 9,556               | -                         | -                 | 9,556                |
| Water and gas   | 6,989               | -                         | -                 | 6,989                |
| Total expenses before<br>depreciation and contributed<br>pharmaceuticals, services and supplies | 2,021,184           | 150,367                   | 281,545           | 2,453,096            |
| Depreciation  | 40,964              | -                         | -                 | 40,964               |
| Contributed pharmaceuticals<br>distributed  | 6,879,685           | -                         | -                 | 6,879,685            |
| Contributed services and<br>supplies  | 889,192             | 41,671                    | -                 | 930,863              |
| Total expenses  | <u>\$ 9,831,025</u> | <u>\$ 192,038</u>         | <u>\$ 281,545</u> | <u>\$ 10,304,608</u> |

**See Notes to Financial Statements**

## The Cross-Over Ministry, Inc.

### Statements of Cash Flows

For the years ended June 30, 2015 and 2014

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| <b><i>Cash Flows from operating activities</i></b>   |                   |                   |
| Change in net assets   | \$ (48,048)       | \$ (87,503)       |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                   |                   |
| Depreciation   | 60,861            | 40,964            |
| In-kind donations distributed in excess of<br>donations received                               | 61,222            | 69,597            |
| Bad debt (recovery) expense  | (12,104)          | 247               |
| Changes in assets and liabilities:   |                   |                   |
| Grants and other receivables   | 42,840            | 78,718            |
| Other current assets   | (21,741)          | (13,953)          |
| Accounts payable and accrued expenses  | 12,826            | 17,488            |
| Accrued payroll  | (13,450)          | 26,021            |
| <b><i>Net cash provided by operating activities</i></b>  | <u>82,406</u>     | <u>131,579</u>    |
| <b><i>Cash flows from investing activities</i></b>   |                   |                   |
| Purchases of property and equipment  | <u>(172,528)</u>  | <u>(47,797)</u>   |
| <b><i>Net (decrease) increase in cash and cash equivalents</i></b>                             | (90,122)          | 83,782            |
| <b><i>Cash and cash equivalents at beginning of year</i></b>                                   | 433,846           | 350,064           |
| <b><i>Cash and cash equivalents at end of year</i></b>   | <u>\$ 343,724</u> | <u>\$ 433,846</u> |

See Notes to Financial Statements

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## **The Cross-Over Ministry, Inc.**

### ***Notes to Financial Statements***

***June 30, 2015 and 2014***

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#### **Note 1. The Organization**

The Cross-Over Ministry, Inc. ("Cross-Over" or the "Organization") is a not-for-profit, non-stock corporation which was founded in the mid 1980's. Cross-Over has been recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code as notified by a determination letter from the Internal Revenue Service dated July 17, 1989. Cross-Over provides a full range of medical services and patient education to low income, uninsured individuals at two free clinics operating in downtown Richmond, Virginia and western Henrico County, Virginia. During 2014, a third clinic located in Chesterfield County, Virginia was closed.

#### **Note 2. Summary of Significant Accounting Policies**

##### *Basis of presentation:*

Cross-Over prepares its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") that includes the accrual basis of accounting.

##### *Concentration and credit risk:*

Financial instruments which potentially subject Cross-Over to concentrations of credit risk consist principally of cash and cash equivalents, grants receivable and other receivables. The Organization maintains cash on deposit with one financial institution located in the United States of America. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to \$250,000 of cash held in each separate FDIC insured bank and savings institution. From time to time, the Organization may have amounts on deposit in excess of the insured limits.

At June 30, 2015 and 2014, approximately 60% of the Organization's grants and other receivables were derived from three and four donors, respectively.

##### *Cash and cash equivalents:*

Cross-Over considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

##### *Grants and other receivables:*

Grants and other receivables in the accompanying statements of financial position consist of a variety of grants and contributions expected to be received within one year. The Organization uses the allowance method to account for uncollectible receivables. The allowance is based on the current status of individual accounts and management's estimate of the collectability of the outstanding balances and historical experience. At June 30, 2015, management determined an allowance for uncollectible grants and pledges was not necessary. The allowance for doubtful accounts at June 30, 2014 was \$12,934.

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## The Cross-Over Ministry, Inc.

### *Notes to Financial Statements*

*June 30, 2015 and 2014*

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#### **Note 2. Summary of Significant Accounting Policies, Continued**

##### Inventory:

Cross-Over's inventory, comprised of pharmaceutical products, is received from in-kind donations. As required by GAAP, the inventory is recorded as an asset when received based on the estimated retail value of such contributions, which approximates fair value.

##### Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures in excess of \$500 with a minimum useful life of two years. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the related assets, which range from 2 to 39 years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

##### Net assets:

As required by GAAP, the accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted funds include funds that impose no restrictions on the Organization as to their use or purpose. Such funds are expended for charitable purposes as deemed appropriate by the Board of Directors and for operating purposes.

Temporarily restricted funds include funds that are restricted for use in a subsequent year or designated for a particular purpose. All grant funds received are recorded as an increase in temporarily restricted net assets. As the activities are performed, the restrictions to these net assets are released and subsequently reclassified to unrestricted net assets.

Permanently restricted funds include gift arrangements that provide that the principal assets of such funds are to be maintained in perpetuity. Endowment income is transferred to unrestricted funds for charitable or operating purposes to the extent permitted by the Organization's spending policy or as specified in the gift agreement. There were no permanently restricted assets at June 30, 2015 or 2014.

##### Revenue recognition:

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets.

Client service revenue includes a variety of patient related revenue including contributions from clinic patients receiving services at the health centers. Client service revenue is recorded when services are provided.

## The Cross-Over Ministry, Inc.

### Notes to Financial Statements

June 30, 2015 and 2014

#### Note 2. Summary of Significant Accounting Policies, Continued

##### Contributed services and materials:

The value of contributed materials and the value of services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed. See Note 10 for additional discussion.

##### Use of estimates:

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

##### Income tax uncertainties:

As a qualified 501(c)(3) organization, Cross-Over is exempt from federal and state income taxes. Management has evaluated the Organization's tax positions and concluded that the Organization has no uncertain tax positions at June 30, 2015. The Organization's income tax returns for years since 2012 remain open to examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

##### Subsequent events:

Management has reviewed subsequent events through November 16, 2015, the date the financial statements were available to be issued, and has determined that no additional disclosures are necessary.

#### Note 3. Property and Equipment

Property and equipment consisted of the following at June 30, 2015 and 2014:

|                               | <u>2015</u>       | <u>2014</u>       |
|-------------------------------|-------------------|-------------------|
| Land                          | \$ 72,849         | \$ 72,849         |
| Buildings                     | 142,267           | 142,571           |
| Building improvements         | 447,789           | 430,855           |
| Machinery and equipment       | 306,331           | 265,725           |
| Computer equipment            | 253,672           | 141,372           |
| Furniture and fixtures        | <u>131,017</u>    | <u>128,322</u>    |
|                               | 1,353,925         | 1,181,694         |
| Less accumulated depreciation | <u>832,791</u>    | <u>772,227</u>    |
|                               | <u>\$ 521,134</u> | <u>\$ 409,467</u> |

Depreciation expense was \$60,861 and \$40,964 for 2015 and 2014, respectively.

## The Cross-Over Ministry, Inc.

### Notes to Financial Statements

June 30, 2015 and 2014

#### Note 4. Line of Credit

The Organization has a \$275,000 line of credit with a commercial bank which is due upon demand. The line of credit is secured by a deed of trust on the property at Cowardin Avenue and requires monthly interest payments at the lesser of 5% or a variable interest rate equal to the bank's Prime rate. The line of credit matures on January 31, 2016. There was no outstanding balance on the line of credit at June 30, 2015 or 2014.

#### Note 5. Restricted Net Assets

Temporarily restricted net assets are designated for the following purposes at June 30, 2015 and 2014:

|                             | <u>2015</u>       | <u>2014</u>       |
|-----------------------------|-------------------|-------------------|
| Health and pharmacy         | \$ -              | \$ 87,412         |
| Electronic health records   | -                 | 87,111            |
| Salary for grant writer     | 27,679            | -                 |
| Time restricted grants      | <u>83,893</u>     | <u>196,001</u>    |
| Total restricted net assets | <u>\$ 111,572</u> | <u>\$ 307,524</u> |

#### Note 6. Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes were as follows during 2015 and 2014:

|                             | <u>2015</u>       | <u>2014</u>       |
|-----------------------------|-------------------|-------------------|
| Health and pharmacy         | \$ 87,412         | \$ 159,136        |
| Electronic health records   | 87,111            | 69,889            |
| Salary for grant writer     | 7,321             | -                 |
| Time restricted grants      | <u>196,001</u>    | <u>-</u>          |
| Total restricted net assets | <u>\$ 377,845</u> | <u>\$ 229,025</u> |

#### Note 7. Retirement Plan

The Organization sponsors a 401(k) profit sharing plan which covers all employees who complete 1,000 hours of service and one year of service, as defined in the plan document. The Organization did not make any contributions to this plan during 2015 and 2014.

#### Note 8. Lease Commitments

The Organization leases office space under an operating lease. The lease term was renewed during 2013 extending the term to February 2016. The lease provides for annual inflationary adjustments in rent and in accordance with accounting principles, lease expense is recognized on a straight-line basis over the life of the lease. Deferred rent as of June 30, 2015 and 2014 was \$2,030 and \$2,020, respectively, and is included in accounts payable and accrued expenses in the statements of financial position. Rent expense for 2015 and 2014 was \$104,606 and \$106,390, respectively.

## The Cross-Over Ministry, Inc.

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 8. Lease Commitments, Continued

Minimum future payments under the operating lease at June 30, 2015 are as follows:

|      |                  |
|------|------------------|
| 2016 | \$ <u>70,520</u> |
|------|------------------|

#### Note 9. Guarantees

Under its bylaws, the Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization's insurance policies serve to further limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

#### Note 10. In-Kind Contributions

As discussed below, the Organization receives contributed goods and services which are used to provide services to its uninsured patients. Contributed goods and services are recorded at their estimated fair value determined at the date of receipt. A summary of contributed goods and services received during the years ending June 30, 2015 and 2014 is as follows:

- Pharmaceuticals – Cross-Over participates in several partnership networks which work with pharmaceutical companies to provide access to prescription and over-the-counter medications to the uninsured. The value of contributions received from these networks was approximately \$4.7 million and \$6.8 million during 2015 and 2014, respectively, based on the estimated retail costs of such contributions as provided by the networks.

At June 30, 2015 and 2014, Cross-Over holds approximately two months of pharmaceuticals on hand for future use and distribution, which is represented as inventory on the statement of financial position.

- Professional services – Cross-Over received approximately 15,700 and 15,200 hours of volunteered professional services from various medical doctors (general practitioners and specialists), dentists, and nurses in the care of its patients during 2015 and 2014, respectively. The value of such volunteer hours was approximately \$833,000 and \$893,000 during 2015 and 2014, respectively, based on hourly rates obtained from The Virginia Association of Free Clinics.
- Medical supplies – Cross-Over also received approximately \$9,000 and \$40,000 of medical supplies, office furniture and equipment and computers during 2015 and 2014, respectively, from various donors.
- Cross-Over also directly receives, at no cost, sample medications from various pharmaceutical manufacturers which it uses in the care of and distributes to its patients. Cross-Over estimates there to be no fair value associated with the samples.
- Lab and diagnostic services – Blood, tissue and other health screening and diagnostic services are provided to Cross-Over's patients primarily by two Richmond-based medical facilities. The value of contributed lab and diagnostic services provided to Cross-Over's patients has not been included in the in-kind contributions.