

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Crossnore Communities for Children  
Crossnore, North Carolina

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Crossnore Communities for Children (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crossnore Communities for Children as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Crossnore Communities for Children and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossnore Communities for Children's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

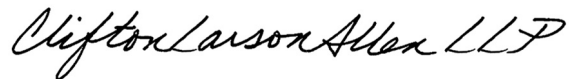
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in these consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crossnore Communities for Children's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossnore Communities for Children's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 31 to 37 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare these consolidated financial statements or to these consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
February 22, 2024

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 7,422,821	\$ 1,748,868
Unconditional Promises to Give, Current	5,084,969	4,022,521
Accounts Receivable, Net	770,960	1,139,052
Other Receivables	2,722,306	6,046,100
Prepaid Expenses and Other Assets	28,854	(1,300)
Investments	35,045,787	34,399,441
Inventory	511,980	582,472
Real Estate Held for Sale	152,000	152,000
Total Current Assets	51,739,677	48,089,154
 <b>UNCONDITIONAL PROMISES TO GIVE, NONCURRENT, Net</b>	 5,120,907	 5,715,490
<b>BENEFICIAL INTERESTS IN PERPETUAL TRUSTS</b>	3,121,408	3,043,918
<b>BENEFICIAL INTERESTS IN TERM TRUST</b>	-	98,421
<b>PROPERTY AND EQUIPMENT, Net</b>	23,350,750	22,415,669
Total Assets	\$ 83,332,742	\$ 79,362,652

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 190,401	\$ 134,070
Accrued Liabilities	1,406,838	446,346
Accrued Compensated Absences	345,921	268,230
Custodial Student Fund	17,176	9,848
Total Current Liabilities	1,960,336	858,494
<b>ENVIRONMENTAL REMEDIATION LIABILITY</b>	-	14,228
<b>NOTES PAYABLE</b>	553,595	543,668
Total Liabilities	2,513,931	1,416,390
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	54,279,380	49,860,269
Internally-Designated	3,778,337	5,687,815
Total Without Donor Restrictions	58,057,717	55,548,084
With Donor Restrictions	22,761,094	22,398,178
Total Net Assets	80,818,811	77,946,262
Total Liabilities and Net Assets	\$ 83,332,742	\$ 79,362,652

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 7,507,267	\$ 5,378,386	\$ 12,885,653
In-Kind Support	71,458	-	71,458
Room and Board	6,260,896	-	6,260,896
Investment Income	5,243,132	184,322	5,427,454
Change in Beneficial Interests in Trusts	-	(20,931)	(20,931)
Supporting Business Activities	3,326,785	-	3,326,785
Other Income	1,169,908	-	1,169,908
Total	23,579,446	5,541,777	29,121,223
Net Assets Released from Restrictions	5,178,861	(5,178,861)	-
Total Support and Revenue	28,758,307	362,916	29,121,223
<b>EXPENSES</b>			
Program Services:			
Residential Living/Cottages	9,062,890	-	9,062,890
Case Management	924,932	-	924,932
OP Therapy	2,164,599	-	2,164,599
Program Services Support	1,174,639	-	1,174,639
Recreation	242,436	-	242,436
Dietary	1,392,011	-	1,392,011
Academy/Education	241,174	-	241,174
Tailored Care Management	756,671	-	756,671
Preventative Care	117	-	117
Clinics	255,333	-	255,333
Foster Care	2,236,725	-	2,236,725
Center for Trauma Resilient Communities	1,203,274	-	1,203,274
Home Builders	447,660	-	447,660
Other Services	1,557,617	-	1,557,617
Total Program Services	21,660,078	-	21,660,078
Supporting Services:			
Administrative	3,177,946	-	3,177,946
Advancement	1,410,650	-	1,410,650
Total Supporting Services	4,588,596	-	4,588,596
Total Expenses	26,248,674	-	26,248,674
<b>INCREASE IN NET ASSETS</b>	2,509,633	362,916	2,872,549
Net Assets - Beginning of Year	55,548,084	22,398,178	77,946,262
<b>NET ASSETS - END OF YEAR</b>	\$ 58,057,717	\$ 22,761,094	\$ 80,818,811

See accompanying Notes to Consolidated Financial Statements.



**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 13,568,093	\$ 11,091,293	\$ 24,659,386
In-Kind Support	171,428	-	171,428
Room and Board	6,299,363	-	6,299,363
Investment Income	(7,985,270)	13,949	(7,971,321)
Change in Beneficial Interests in Trusts	-	(822,645)	(822,645)
Supporting Business Activities	3,735,419	-	3,735,419
Other Income	651,770	-	651,770
Total	16,440,803	10,282,597	26,723,400
Net Assets Released from Restrictions	804,949	(804,949)	-
Total Support and Revenue	17,245,752	9,477,648	26,723,400
<b>EXPENSES</b>			
Program Services:			
Residential Living/Cottages	8,135,302	-	8,135,302
Case Management	1,168,710	-	1,168,710
OP Therapy	2,287,986	-	2,287,986
Program Services Support	1,107,067	-	1,107,067
Recreation	142,472	-	142,472
Dietary	1,360,826	-	1,360,826
Academy/Education	268,746	-	268,746
Tailored Care Management	47,722	-	47,722
Clinics	163,874	-	163,874
Foster Care	2,496,271	-	2,496,271
Day Treatment	883,216	-	883,216
Center for Trauma Resilient Communities	852,779	-	852,779
Home Builders	346,049	-	346,049
Other Services	1,607,181	-	1,607,181
Total Program Services	20,868,201	-	20,868,201
Supporting Services:			
Administrative	2,929,945	-	2,929,945
Advancement	900,170	-	900,170
Total Supporting Services	3,830,115	-	3,830,115
Total Expenses	24,698,316	-	24,698,316
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(7,452,564)	9,477,648	2,025,084
Net Assets - Beginning of Year	63,000,648	12,920,530	75,921,178
<b>NET ASSETS - END OF YEAR</b>	\$ 55,548,084	\$ 22,398,178	\$ 77,946,262

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services									
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Academy/ Education	Tailored Care Management	Preventative Care	Clinics
Salaries	\$ 4,370,439	\$ 570,346	\$ 1,493,558	\$ 788,091	\$ 58,801	\$ 482,717	\$ 81,677	\$ 466,607	\$ -	\$ 100,359
Payroll Taxes	345,534	44,843	114,138	61,375	3,667	37,781	6,315	53,696	-	7,849
Employee Benefits	798,132	109,217	264,198	138,552	11,675	101,972	15,158	96,397	-	13,437
Insurance	521,885	4,130	30,655	1,227	51	860	726	4,309	-	2,699
Supplies	122,988	7,652	9,010	8,247	484	57,387	2,142	14,586	-	2,613
Utilities	333,529	12,267	21,155	4,198	21,380	37,122	42,307	6,554	-	2,864
Student Special Needs	11,011	18,634	-	-	-	-	-	-	-	-
Student Scholarships	167,889	-	-	-	-	-	-	-	-	-
Student Allowances	100,080	-	-	17	-	-	-	-	-	-
Staff Expenses	51,099	4,616	19,003	15,842	-	2,665	459	685	-	1,869
Food and Beverage	216,544	1,806	4,607	7,632	4,992	461,266	-	33,696	-	268
First Aid	48,211	308	-	-	-	-	-	-	-	3,088
Recreation	64,140	419	1,608	41	85,026	-	-	8	-	-
Equipment Rental	7,455	3,621	8,986	581	-	5,141	1,430	160	-	48
Freight and Postage	1,735	540	357	193	-	86	44	-	-	53
Professional Services	49,636	1,758	37,473	6,965	-	5,636	1,326	-	-	66,462
Maintenance, Repairs, and Contract Labor	547,596	70,495	73,434	34,669	3,909	52,973	21,950	191	84	26,665
Foster Care Parent Fees	-	-	-	-	-	-	-	-	-	-
Advertising	6,087	1,962	3,076	-	-	-	-	-	-	-
Dues and Subscriptions	13,139	2,715	4,635	2,812	-	2,772	125	40	-	1,514
Telephone	37,298	14,381	22,025	6,954	905	2,873	671	5,399	-	2,065
Printing, Publishing, and Solicitation	6,612	2,173	5	4	-	1	-	-	-	-
Property Taxes	45,355	-	-	-	-	-	-	-	-	-
Auto Expense	155,441	5,861	8,515	7,681	1,321	4,657	5,180	510	33	1,677
Student Work Programs	31,904	21	-	-	-	-	-	-	-	-
Travel	11,184	1,204	3,090	6,315	532	1,341	363	52,817	-	1,589
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-
Special Programs	35,897	(126)	52	-	9,930	-	-	-	-	-
Bank Service Charges	-	-	982	-	-	-	-	-	-	478
Trust Management Fees	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	9,329	1,267	192	63,425	-	61	12,000	-	-	24
Total Expenses Before Depreciation	8,110,149	880,110	2,120,754	1,154,821	202,673	1,257,311	191,873	735,655	117	235,621
Depreciation	952,741	44,822	43,845	19,818	39,763	134,700	49,301	21,016	-	19,712
Total Expenses by Function	<u>\$ 9,062,890</u>	<u>\$ 924,932</u>	<u>\$ 2,164,599</u>	<u>\$ 1,174,639</u>	<u>\$ 242,436</u>	<u>\$ 1,392,011</u>	<u>\$ 241,174</u>	<u>\$ 756,671</u>	<u>\$ 117</u>	<u>\$ 255,333</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services (Continued)				Total Program Services	Management and General	Fundraising	Total
	Foster Care	Center For Trauma Resilient Communities	Home Builders	Other Services				
Salaries	\$ 1,222,785	\$ 667,006	\$ 304,376	\$ 618,768	\$ 11,225,530	\$ 1,603,958	\$ 510,719	\$ 13,340,207
Payroll Taxes	89,025	50,725	24,036	49,072	888,056	105,831	36,208	1,030,095
Employee Benefits	228,698	60,529	56,827	101,853	1,996,645	230,633	80,424	2,307,702
Insurance	11,147	730	14,399	36,964	629,782	15,961	637	646,380
Supplies	10,254	8,257	567	25,293	269,480	18,476	9,070	297,026
Utilities	18,090	729	-	31,528	531,723	32,605	9,163	573,491
Student Special Needs	2,208	-	1,976	-	33,829	-	-	33,829
Student Scholarships	-	-	-	-	167,889	27	30	167,946
Student Allowances	44	-	-	-	100,141	-	-	100,141
Staff Expenses	46,983	67,775	27,937	2,725	241,658	67,342	158,071	467,071
Food and Beverage	5,916	14,477	1,518	3,764	756,486	10,496	12,348	779,330
First Aid	-	-	-	-	51,607	-	-	51,607
Recreation	-	-	-	-	151,242	-	31	151,273
Equipment Rental	9,574	70	-	-	37,066	23,702	39,414	100,182
Freight and Postage	1,441	163	-	793	5,405	13,628	19,491	38,524
Professional Services	8,468	68,162	-	183	246,069	247,235	223,172	716,476
Maintenance, Repairs, and Contract Labor	54,713	200,465	-	70,535	1,157,679	164,046	64,723	1,386,448
Foster Care Parent Fees	437,475	-	-	-	437,475	-	-	437,475
Advertising	5,887	1,560	-	-	18,572	59,334	92,237	170,143
Dues and Subscriptions	7,638	5,729	439	1,555	43,113	38,541	4,898	86,552
Telephone	16,783	1,185	2,302	1,874	114,715	17,472	3,792	135,979
Printing, Publishing, and Solicitation	12,373	123	1,726	303	23,320	60,497	106,515	190,332
Property Taxes	-	-	-	3,510	48,865	-	-	48,865
Auto Expense	10,198	706	214	21,189	223,183	25,653	9,582	258,418
Student Work Programs	3	-	-	-	31,928	-	-	31,928
Travel	10,444	26,910	6,204	5,697	127,690	13,344	7,639	148,673
Cost of Goods Sold	-	-	-	422,189	422,189	-	-	422,189
Special Programs	1,150	-	-	16,742	63,645	178	250	64,073
Bank Service Charges	-	-	-	20,757	22,217	30,869	-	53,086
Trust Management Fees	-	-	-	-	-	108,367	-	108,367
Interest Expense	-	-	-	-	-	10,062	-	10,062
Miscellaneous	5,170	27,002	-	15,273	133,743	46,495	-	180,238
Total Expenses Before Depreciation	<u>2,216,467</u>	<u>1,202,303</u>	<u>442,521</u>	<u>1,450,567</u>	<u>20,200,942</u>	<u>2,944,752</u>	<u>1,388,414</u>	<u>24,534,108</u>
Depreciation	<u>20,258</u>	<u>971</u>	<u>5,139</u>	<u>107,050</u>	<u>1,459,136</u>	<u>233,194</u>	<u>22,236</u>	<u>1,714,566</u>
Total Expenses by Function	<u>\$ 2,236,725</u>	<u>\$ 1,203,274</u>	<u>\$ 447,660</u>	<u>\$ 1,557,617</u>	<u>\$ 21,660,078</u>	<u>\$ 3,177,946</u>	<u>\$ 1,410,650</u>	<u>\$ 26,248,674</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2022**

	Program Services								
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Academy/ Education	Tailored Care Management	Clinics
Salaries	\$ 3,907,823	\$ 711,684	\$ 1,604,534	\$ 777,534	\$ 43,738	\$ 414,486	\$ 79,776	\$ 44,486	\$ 79,315
Payroll Taxes	309,248	58,500	123,804	64,475	3,497	33,914	6,582	1,170	6,504
Employee Benefits	763,827	141,142	260,963	144,280	9,433	81,381	13,162	2,066	4,654
Insurance	454,317	4,842	30,507	-	-	-	4,537	-	7,706
Supplies	116,796	9,647	7,888	4,151	972	64,752	2,203	-	(6,930)
Utilities	356,694	15,381	22,100	3,587	23,645	34,608	43,414	-	1,543
Student Special Needs	29,578	19,514	-	-	-	-	-	-	-
Student Scholarships	-	43,131	-	10,270	-	-	-	-	-
Student Allowances	70,057	459	-	2,465	-	-	-	-	-
Staff Expenses	41,341	4,766	40,218	3,857	-	4,638	551	-	3,990
Food and Beverage	150,258	1,374	3,952	587	1,347	491,060	-	-	476
First Aid	45,663	800	-	511	122	-	-	-	4,798
Recreation	101,595	-	-	77	42,102	-	-	-	-
Equipment Rental	227	7,782	8,042	1,174	-	4,684	1,258	-	(187)
Freight and Postage	1,091	83	167	12,678	-	112	34	-	(48)
Professional Services	102,677	13,080	57,331	29,344	-	11,198	9,650	-	16,709
Maintenance, Repairs, and Contract Labor	427,126	51,745	61,440	11,086	2,749	69,037	19,325	-	17,443
Foster Care Parent Fees	-	-	-	462	-	-	-	-	-
Advertising	86	-	-	-	-	-	-	-	-
Dues and Subscriptions	7,053	622	3,171	1,151	-	1,490	205	-	(715)
Telephone	33,650	13,510	20,017	4,584	883	3,538	900	-	2,527
Printing, Publishing, and Solicitation	-	-	24	-	-	-	-	-	-
Property Taxes	1,407	-	-	-	-	-	-	-	-
Auto Expense	136,677	5,579	2,617	3,286	1,943	3,395	3,559	-	1,308
Student Work Programs	29,144	55	-	-	-	-	-	-	-
Travel	7,670	3,803	4,806	3,476	3,064	2,462	370	-	(2,333)
Cost of Goods Sold	-	-	-	-	-	-	-	-	-
Special Programs	31,650	-	(1,018)	25	1,232	-	-	-	310
Bank Service Charges	-	-	1,052	-	-	-	-	-	300
Trust Management Fees	-	-	-	-	-	-	-	-	-
Miscellaneous	12,279	3,051	-	-	-	-	12,000	-	-
Total Expenses Before Depreciation	<u>7,137,934</u>	<u>1,110,550</u>	<u>2,251,615</u>	<u>1,079,060</u>	<u>134,727</u>	<u>1,220,755</u>	<u>197,526</u>	<u>47,722</u>	<u>137,370</u>
Depreciation	<u>997,368</u>	<u>58,160</u>	<u>36,371</u>	<u>28,007</u>	<u>7,745</u>	<u>140,071</u>	<u>71,220</u>	<u>-</u>	<u>26,504</u>
Total Expenses by Function	<u>\$ 8,135,302</u>	<u>\$ 1,168,710</u>	<u>\$ 2,287,986</u>	<u>\$ 1,107,067</u>	<u>\$ 142,472</u>	<u>\$ 1,360,826</u>	<u>\$ 268,746</u>	<u>\$ 47,722</u>	<u>\$ 163,874</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Program Services (Continued)								Total
	Foster Care	Day Treatment	Center For Trauma Resilient Communities	Home Builders	Other Services	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,367,810	\$ 461,380	\$ 533,084	\$ 247,739	\$ 552,425	\$ 10,825,814	\$ 964,783	\$ 458,604	\$ 12,249,201
Payroll Taxes	107,078	37,740	43,479	18,331	48,721	863,043	73,394	38,793	975,230
Employee Benefits	254,394	82,820	46,327	44,169	97,462	1,946,080	198,145	70,987	2,215,212
Insurance	10,558	43,764	30	-	38,349	594,610	14,170	-	608,780
Supplies	9,427	3,132	6,457	1,402	20,826	240,723	23,504	6,409	270,636
Utilities	17,926	26,618	23,952	-	31,113	600,581	28,893	17,757	647,231
Student Special Needs	5,267	1,454	-	104	-	55,917	-	-	55,917
Student Scholarships	-	-	-	-	-	53,401	191,221	-	244,622
Student Allowances	4,458	-	-	-	-	77,439	-	-	77,439
Staff Expenses	50,682	15,345	42,775	22,875	3,322	234,360	46,278	24,338	304,976
Food and Beverage	6,546	1,740	17,126	329	2,598	677,393	15,625	1,029	694,047
First Aid	78	-	-	-	-	51,972	-	-	51,972
Recreation	-	88	-	-	-	143,862	3,406	(2,966)	144,302
Equipment Rental	10,298	2,726	125	-	-	36,129	20,334	24,035	80,498
Freight and Postage	245	27	86	-	1,085	15,560	40,301	5,949	61,810
Professional Services	26,047	3,468	73,338	4,648	71	347,561	357,483	150,908	855,952
Maintenance, Repairs, and Contract Labor	31,558	31,232	519	50	72,232	795,542	181,641	17,829	995,012
Foster Care Parent Fees	497,690	-	-	-	-	498,152	-	-	498,152
Advertising	9,800	-	16,835	-	645	27,366	119,102	17,373	163,841
Dues and Subscriptions	4,845	1,476	1,563	238	429	21,528	20,120	2,570	44,218
Telephone	17,569	8,064	1,215	260	4,146	110,863	28,387	4,241	143,491
Printing, Publishing, and Solicitation	2,803	-	243	-	-	3,070	142,772	36,092	181,934
Property Taxes	-	-	-	-	11,318	12,725	-	-	12,725
Auto Expense	9,182	4,624	558	319	16,825	189,872	17,458	5,742	213,072
Student Work Programs	-	-	-	-	-	29,199	-	-	29,199
Travel	24,003	650	43,524	2,704	3,351	97,550	16,173	10,498	124,221
Cost of Goods Sold	-	-	-	-	522,345	522,345	-	-	522,345
Special Programs	1,226	-	-	-	6,113	39,538	-	-	39,538
Bank Service Charges	-	-	-	-	15,507	16,859	20,341	-	37,200
Trust Management Fees	-	-	-	-	-	-	113,207	-	113,207
Miscellaneous	2,232	-	543	-	12,360	42,465	47,474	-	89,939
Total Expenses Before Depreciation	<u>2,471,722</u>	<u>726,348</u>	<u>851,779</u>	<u>343,168</u>	<u>1,461,243</u>	<u>19,171,519</u>	<u>2,684,212</u>	<u>890,188</u>	<u>22,745,919</u>
Depreciation	24,549	156,868	1,000	2,881	145,938	1,696,682	245,733	9,982	1,952,397
Total Expenses by Function	<u>\$ 2,496,271</u>	<u>\$ 883,216</u>	<u>\$ 852,779</u>	<u>\$ 346,049</u>	<u>\$ 1,607,181</u>	<u>\$ 20,868,201</u>	<u>\$ 2,929,945</u>	<u>\$ 900,170</u>	<u>\$ 24,698,316</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 2,872,549	\$ 2,025,084
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,714,566	1,952,397
Discount Amortization	9,927	9,539
Loss on Disposal or Sale of Property and Equipment	25,773	108,595
Unrealized (Gain) Loss on Investments	(3,324,955)	9,265,882
Realized (Gain) Loss on Investments	468,056	(926,985)
Other Investment Income	(1,368,365)	(107,160)
(Increase) Decrease in:		
Accounts Receivable	368,092	(321,116)
Promises to Give	(467,865)	(9,143,882)
Other Receivables	3,323,794	(6,011,964)
Prepaid Expenses	(30,154)	(1,236)
Inventory	70,492	47,051
Increase (Decrease) in:		
Accounts Payable	56,331	(468,822)
Custodial Student Funds	7,328	7,003
Accrued Liabilities and Compensated Absence	1,038,183	(115,018)
Environmental Remediation Liability	(14,228)	-
Net Cash Provided (Used) by Operating Activities	4,749,524	(3,680,632)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(178,551)	(1,331,941)
Sale of Investments	3,778,400	2,874,623
Proceeds from Sale of Property and Equipment	34,283	36,443
Purchases of Property and Equipment	(2,709,703)	(897,204)
Net Cash Provided by Investing Activities	924,429	681,921
<b>NET INCREASE (DECREASE) IN CASH</b>	5,673,953	(2,998,711)
Cash - Beginning of Year	1,748,868	4,747,579
<b>CASH - END OF YEAR</b>	\$ 7,422,821	\$ 1,748,868

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Crossnore Communities for Children is a North Carolina nonprofit organization whose purpose is to provide a stable environment for children from families in crisis. Their support comes primarily from charitable contributions and government funding. There are campuses in Crossnore and Winston-Salem, North Carolina. During 2018, the Crossnore Communities for Children opened an office in Hendersonville, North Carolina that specializes in foster care and outpatient therapy.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Crossnore Communities for Children (Communities) and its affiliate, The Crossnore School Children's Foundation (the Foundation). Collectively, they are referred to as "Crossnore." The Foundation was founded on October 1, 2012, to solicit, manage, invest and distribute assets for the benefit of Communities. Communities elected to transfer its investments into the Foundation, and the Foundation manages those assets and makes periodic distributions to Communities, in accordance with the Foundation's spending policy, in support of Communities' charitable and educational activities. All intercompany balances and transactions have been eliminated in consolidation.

**Basis of Presentation**

The accompanying consolidated financial statements of Crossnore have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

**Use of Estimates**

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

**Classification of Net Assets**

Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions, net assets of Crossnore and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – consist of all resources of Crossnore which have no donor-imposed restrictions. Net assets without donor restrictions consist of assets (including land, buildings, and equipment) and public support and revenue available and used for current operations and expenditures for current programs, equipment replacement, or other specific purposes. Crossnore's governing board may, at their discretion, designate net assets without donor restrictions for a specified purpose.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Classification of Net Assets (Continued)**

*Net Assets With Donor Restrictions* – consist of contributions received whose use by Crossnore is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of Crossnore. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that investments be maintained in perpetuity. Income from the investment of net assets with donor restrictions perpetual in nature is classified as with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as assets released from restrictions.

**Basis of Accounting**

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Support restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the contribution is recognized.

**Cash and Cash Equivalents**

Crossnore considers money market accounts and highly liquid investments with an original maturity of three months or less to be cash equivalents, except those cash amounts maintained as part of the investment portfolio.

**Accounts Receivable**

Receivables consist of contributions and other program receivables and are stated at cost less an allowance for doubtful accounts, where applicable. Unconditional promises receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. At September 30, 2023 and 2022, management recorded an allowance on program receivables of \$305,781 and \$237,355, respectively.

The opening and closing contract balances were as follows:

	<u>Accounts Receivable</u>
Balance as of September 30, 2021	\$ 817,936
Balance as of September 30, 2022	1,139,052
Balance as of September 30, 2023	770,960



**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Investments**

Investments in marketable securities with readily determinable fair values are valued in the consolidated statements of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Investments in limited partnerships are stated at net asset value determined based on pricing services that are believed to be reliable. Investments in limited liability corporations are stated at cost. Interest and dividend income and gains or losses on investments (including realized gains on sale of investments and gains on the change in fair value of investments) are included in support and revenue.

Donated investments are recorded at fair value at the date of receipt.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Donations of inventory items are recorded at estimated fair market value.

**Real Estate Held for Sale**

Accounting principles generally accepted in the United States of America require that long-lived assets to be sold be classified as "held for sale" in the period in which certain criteria are met, such as the estimated timeframe in which the assets are expected to be sold. As a result, depreciation is not recorded on an asset once it is deemed to be held for sale, and it is recorded in the consolidated financial statements at the lower of its carrying value or fair value less cost to sell.

**Property and Equipment**

Crossnore capitalizes expenditures for property and equipment in excess of \$1,000 that have a useful life of more than one year. Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is calculated on the straight-line method over the estimated useful life of the asset. Maintenance and repair costs are charged to expense as incurred. Gains and losses on disposal are reflected in its own line in the consolidated statements of activities.

Long-lived assets held and used by Crossnore are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

In 2020, Crossnore received a one-time payment of \$6,500,000 in exchange for signing a conservation easement with an unaffiliated nonprofit organization that limits Crossnore's ability to develop approximately 92 acres of land on their Winston-Salem campus. The easement restricts the property from future development and prohibits Crossnore from building a permanent structure on that acreage. In 2020, Crossnore recorded an impairment loss of \$2,145,500 related to the decrease in the land value as a result of the limitation imposed on its use.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Property and Equipment (Continued)**

Crossnore has since entered into an agreement with a third party that gives the third party permission and approval to commence with the construction of two public parking lots and associated improvements serving the Trail. Crossnore has the right to establish, modify, post and enforce rules and regulations related to the use and operation of the Trail. The parties further understand that such rules and regulations must be consistent with the terms of the Conservation Easement.

**Beneficial Interest in Term and Perpetual Trusts**

Crossnore holds a beneficial interest in several term and perpetual trusts. These trusts are administered by independent trustees and generally consist of cash and cash equivalents, mutual funds, and debt and equity securities, which are carried at fair value. Under the terms of the trusts, the donors have established and funded the trusts with specified distributions to be made to Crossnore. Under the terms of perpetual trusts, distributions of income are to be made in perpetuity. Because the trusts are perpetual, these trusts are reported as a perpetual trust and are included in net assets with donor restrictions. Under the terms of term trusts, the principal of the trust is to be distributed 25 years after the death of their surviving spouse. Due to this restriction, this fund is reported as a term trust and is included in net assets with donor restrictions.

Income distributions from these trusts are recorded as investment income in the consolidated statement of activities, while any appreciation (depreciation) in the trust value is recorded as a change in value of the term and perpetual trusts.

**In-Kind Contributions**

Crossnore follows Financial Accounts Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Donated materials and equipment are reflected as contributions in the accompanying consolidated financial statements at their estimated fair market value at date of receipt.

Crossnore generally pays for services requiring specific expertise but does receive certain professional services at no cost. Crossnore recognizes the value of contributed services that enhance nonfinancial assets. If the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by persons who possess those skills, and would otherwise be purchased by Crossnore, a contribution is recorded at the fair value of the services.

For the year ended September 30, 2023 and 2022, in-kind contributions consisted of gift cards, supplies and other equipment for the sales store and coffee shop.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements and Disclosures**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Crossnore has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value option for financial assets and liabilities allows entities the irrevocable option to elect fair value measurement for certain financial assets and liabilities that are not required to be reported at fair value, on an instrument-by-instrument basis. Crossnore has not elected to measure any existing financial instruments at fair value at September 30, 2023 or 2022 under this standard. However, Crossnore may elect to measure newly acquired financial instruments at fair value in the future.

**Uniform Prudent Management of Institutional Funds Act**

During fiscal year 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of North Carolina. In August 2008, the FASB released the nonprofit accounting standard for reporting of endowment funds (the UPMIFA Standard), which is intended to improve the quality and consistency of financial reporting of endowments held by nonprofit organizations. Under UPMIFA, all unappropriated endowment funds are considered restricted.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Tax-Exempt Status**

Crossnore is exempt from income taxes as a nonprofit corporation under Internal Revenue Service Code Section 501(c)(3) and is not a private foundation. The Foundation is also exempt from income taxes as a nonprofit corporation under Internal Revenue Service Code Section 501(c)(3). Accordingly, the consolidated financial statements do not reflect a provision for income taxes. Crossnore is subject to a tax on income from any unrelated business.

Crossnore follows guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance has had no impact on Crossnore's consolidated financial statements.

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses for the years ended September 30, 2023 and 2022 were \$170,143 and \$163,841, respectively.

**Allocation of Functional Expenses**

Crossnore allocates functional expenses among programs and other departments. A time study was performed to assess the amount of time employees were spending among various departments and Crossnore allocates costs based on these amounts.

**Reclassification**

During the year, certain items in the financial statements were reclassified to conform to the current year's presentation. These reclassifications had no effect on the reported net income or total assets.

**Leases**

Crossnore determines if an arrangement is a lease at inception. Operating leases are included in property, plant, and equipment as right-of-use (ROU) assets and lease payable in the consolidated balance sheets. ROU assets present Crossnore's right to use an underlying asset for the lease term and lease payables represent Crossnore's obligation to make lease payments arising from the lease. ROU assets and payables are recognized at the commencement date of the lease based on present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Crossnore will exercise the option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Crossnore has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease payables or ROU assets on the consolidated balance sheets.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Adoption of New Accounting Standard**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Crossnore adopted the requirements of the guidance effective October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840. Leases held by Crossnore are not considered material and the adoption of this standard had no impact on the consolidated financial statements.

**Subsequent Events**

Crossnore has evaluated subsequent events through February 22, 2024, which is the date the consolidated financial statements were available to be issued.

**NOTE 2 SUPPORT AND REVENUE**

To determine revenue recognition for the arrangements that Crossnore determines are within the scope of Topic 606, Crossnore performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when Crossnore satisfies a performance obligation.

Performance obligations are determined based on the nature of the services provided by Crossnore. Revenue for performance obligations satisfied over time is recognized based on amounts expected to be received under its agreements. Crossnore believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when specific events have occurred, and Crossnore does not believe it is required to provide additional goods or services related to that obligation.

Room and Board Revenue, Training Center Revenue, Foster Care and Adoptions Revenue and Mental and Medical Services Revenue are reported at the amount that reflects the consideration to which Crossnore expects to be entitled in exchange for performing the services outlined in contracts. These amounts may be due from counties, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Crossnore bills the counties and third-party payors after the services are performed. Crossnore bills the users of the training center prior to services being performed. Revenue is recognized as the performance obligations are satisfied.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 SUPPORT AND REVENUE (CONTINUED)**

Agreements with third-party payors provide for payments that may differ from established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicaid:** Clinic and mental health services provided to children are paid specific rates based on type of service provided.
- **Other:** Payment agreements with certain commercial insurance carriers are based on negotiated contractually determined rates between Crossnore and the insurance company, health maintenance organization, or preferred provider organization.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Crossnore's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions and contractual adjustments were not considered material for the years ended September 30, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Crossnore has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the factors in the payor contract. For example, Medicaid, managed care, or other insurance have different reimbursement/payment methodologies.

Grants and other assistance from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Employee Retention Credit (ERC) was introduced as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was signed into law March 27, 2020. The ERC is a refundable tax credit against certain wages paid by an Eligible Employer. During the year ended September 30, 2022 Crossnore complied with the conditions of the ERC funding in the amount of approximately \$6,013,000, in compliance with the program, which was recorded as contribution income in the accompanying consolidated statement of activities and changes in net assets for the years ended September 30, 2022. This amount was recorded in other receivables in the accompanying consolidated statement of financial position as of September 30, 2022. During the year ended September 30, 2023, \$3,333,000 of this was received, with the remaining amount recorded in other receivables in the accompanying consolidated statement of financial position as of September 30, 2023.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 SUPPORT AND REVENUE (CONTINUED)**

The timing of revenue recognition on contract revenue for the years ended September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 7,590,868	\$ 7,877,282
Sales at Point in Time	767,153	784,297
Services at Point in Time	<u>2,399,568</u>	<u>2,024,973</u>
Total	<u>\$ 10,757,589</u>	<u>\$ 10,686,552</u>

**NOTE 3 INVESTMENTS**

As of September 30, 2023 and 2022, investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 3,261,177	\$ 4,032,487
Fixed Income Investments	9,228,639	12,300,033
Mutual Funds	610,073	492,057
Equity Investments	3,625,546	262,248
Limited Partnership	18,120,352	17,112,616
Limited Liability Company	<u>200,000</u>	<u>200,000</u>
Total Investments	<u>\$ 35,045,787</u>	<u>\$ 34,399,441</u>

Total investment income consisted of the following for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest Income	\$ 1,724,810	\$ 480,783
Investment Fees	(108,367)	(113,207)
Unrealized Gain (Loss), Net	3,324,955	(9,265,882)
Realized Gain, Net	<u>486,056</u>	<u>926,985</u>
Total Investment Income	<u>\$ 5,427,454</u>	<u>\$ (7,971,321)</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 4 PROMISES TO GIVE**

Promises to give consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Due in Less than One Year	\$ 5,084,969	\$ 4,022,521
Due in Two to Five Years	5,877,999	5,927,240
Total	10,962,968	9,949,761
Less: Present Value Discount	(757,092)	(211,750)
Promises to Give, Net	<u>\$ 10,205,876</u>	<u>\$ 9,738,011</u>

The rate used to calculate the present value discount was 0.08% for pledges made in the year ended September 30, 2021, 3.87% for pledges made in the year ended September 30, 2022, and 5.19% for pledges made in the year ended September 30, 2023. At September 30, 2023, approximately \$90,000 of the outstanding promises to give are past due. Based on management's evaluation, they believe no allowance is necessary as of September 30, 2023 and 2022. However, management will continue to evaluate collectability of these amounts on a regular basis.

**NOTE 5 PROPERTY AND EQUIPMENT, NET**

Following is a summary of property and equipment and accumulated depreciation at September 30:

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 6,497,231	\$ 6,438,031
Buildings and Improvements	35,255,174	35,078,602
Furniture and Equipment	5,263,029	5,200,384
Vehicles	2,045,475	1,722,591
Construction in Progress	2,491,437	479,115
Total	51,552,346	48,918,723
Less: Accumulated Depreciation	28,201,596	26,503,054
Property and Equipment, Net	<u>\$ 23,350,750</u>	<u>\$ 22,415,669</u>

Depreciation expense totaled \$1,714,566 and \$1,952,397 for the years ended September 30, 2023 and 2022, respectively. Construction in progress is related to general renovations on both campuses.



**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 6 LINES OF CREDIT**

Crossnore has a line of credit with a financial institution which is renewable each year with a maximum borrowing limit of \$1,500,000 and an interest rate of the Prime Rate plus 0.5%. The line of credit is secured by the property located at 100 DAR Drive, Crossnore, North Carolina. There were no amounts outstanding at September 30, 2023 and 2022.

Crossnore has two line of credit agreements with their investment company, both of which are dated May 19, 2022. One agreement has a maximum borrowing limit of \$7,000,000 and the other has a maximum borrowing limit of \$5,000,000. The interest rate is SOFR plus 1.5%. The line of credit is secured by their investments with the company and is due on demand. There were no amounts outstanding on these lines at September 30, 2023 and 2022.

**NOTE 7 NOTES PAYABLE**

Notes payable consisted of the following at September 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Interest-free construction loan from a governmental agency, collateralized by a deed of trust, maturing on September 24, 2030, with a face amount of \$300,000. Constructed property must be used for its intended purpose.	\$ 300,000	\$ 300,000
Interest-free loan from a nonprofit organization, collateralized by a deed of trust, maturing on September 14, 2040, net of unamortized discount of \$256,332 at September 30, 2022 (effective interest rate of 4%), with a face amount of \$500,000.	<u>253,595</u>	<u>243,668</u>
Total	<u><u>\$ 553,595</u></u>	<u><u>\$ 543,668</u></u>

Amortization of the discount is reported in the consolidated statement of activities as interest expense. Crossnore recognized approximately \$10,000 as interest expense related to the interest free loans for the years ended September 30, 2023 and 2022. Crossnore has no regularly required scheduled payments associated with these notes.

**NOTE 8 ACCRUED COMPENSATED ABSENCES**

Crossnore provides vacation and sick leave benefits to its employees and allows for the carryover of certain vacation leave from year to year. At September 30, 2023 and 2022, Crossnore was liable for benefits to its employees of \$345,921 and \$268,220, respectively.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 9 CONCENTRATIONS**

Crossnore banks with institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. At times during the year, Crossnore deposits may exceed the FDIC insured limits, especially during periods of high cash flows. Management believes there is no significant risk with respect to these deposits.

**NOTE 10 CUSTODIAL SAVINGS ACCOUNT**

Crossnore maintains a custodial savings account for the benefit of the children of Crossnore Communities for Children. The savings account contains funds which are owned by the children; however, Crossnore has discretion regarding when the funds are distributed. The account is recorded as an asset in Crossnore's consolidated financial statements. An offsetting liability has also been recorded to reflect the children's interests in this account.

**NOTE 11 LIQUIDITY AND AVAILABILITY**

Crossnore invests cash in excess of short-term needs in investments which are liquid within a week. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 7,422,821	\$ 1,748,868
Investments:		
Cash and Cash Equivalents	3,261,177	4,032,487
Fixed Income Investments	9,228,639	12,300,033
Mutual Funds	610,073	492,057
Equity Investments	3,625,546	262,248
Accounts Receivable, Net	770,960	1,139,052
Other Receivables	2,722,306	6,046,100
Less: Endowments	(2,970,787)	(2,801,347)
Less: Purpose-Restricted Net Assets with Donor Restrictions	<u>(7,265,934)</u>	<u>(6,845,197)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 17,404,801</u>	<u>\$ 16,374,301</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 12 NET ASSETS**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are internally designated for the following purposes as of September 30:

	<u>2023</u>	<u>2022</u>
Residential Scholarships	\$ 112,343	\$ 112,253
Operating Reserves	226,564	1,154,858
Capital Reserves	1,357,596	2,338,870
Strategic Reserves	1,410,662	1,410,662
Endowment Fund	671,172	671,172
Total	<u>\$ 3,778,337</u>	<u>\$ 5,687,815</u>

Funds designated for the endowment relate to investments held to secure the long-term future of Crossnore and support Crossnore and its efforts to further its mission.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Restricted for Time:		
Beneficial Interest	\$ -	\$ 98,421
Loan Forgiveness	246,405	256,332
Pledges Receivable	10,205,876	10,236,511
Restricted for Purpose:		
Building Projects	1,238,622	1,236,622
Classroom Without Walls	1,012,613	1,012,613
Residential Scholarships	1,086,399	1,071,329
College Scholarships	1,839,282	1,650,529
Center for Trauma Resilient Communities	687,260	687,260
Other	1,401,758	1,186,844
Perpetual In Nature:		
Beneficial Interests in Perpetual Trusts	3,121,408	3,043,918
Residential Scholarships	407,201	407,201
College Scholarships	451,057	450,702
Athletic Equipment	293,977	293,977
Other	769,236	765,919
Total	<u>\$ 22,761,094</u>	<u>\$ 22,398,178</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 12 NET ASSETS (CONTINUED)**

During the years ended September 30, 2023 and 2022, net assets were released from donor restrictions as follows:

	2023	2022
For Time:		
Loan Forgiveness	\$ -	\$ 9,539
Pledges Receivable	5,178,861	120,000
For Purpose:		
Other	-	25,410
Homebuilders Pilot Program	-	650,000
Total	\$ 5,178,861	\$ 804,949

**Perpetual in Nature**

**Endowment Funds**

Crossnore has several endowment funds, the income of which may be expended for specific purposes. Effective October 1, 2008, Crossnore adopted the provisions of the financial accounting standard for endowments of nonprofit organizations (the UPMIFA Standard) with respect to the accounting for the corpus and income recognition on endowment funds as follows:

*Corpus:*

Endowment funds include: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. Crossnore consults with legal counsel on the interpretation of UPMIFA with regard to preserving the fair value of original gifts as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

*Income:*

Income earned on endowment funds that is not required by the donor to be added to the corpus of the endowment is classified as net assets with purpose donor restrictions until those amounts are appropriated for expenditure by Crossnore in a manner consistent with the standard of prudence prescribed in UPMIFA. Income earned on endowment funds which is expended within the same year as received is reflected as investment income without donor restrictions in the accompanying consolidated statements of activities.

Crossnore considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Crossnore and the donor-restricted endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of Crossnore
- The investment policy of Crossnore

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 12 NET ASSETS (CONTINUED)**

**Perpetual in Nature (Continued)**

*Investment Objectives and Strategies:*

Crossnore has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that Crossnore must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

To satisfy its long-term rate of return objectives, Crossnore relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets Crossnore's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

*Appropriation Policy:*

Crossnore's spending policy is consistent with its objective to preserve the fair value of the original gift of the endowment assets held in perpetuity as well, as to provide additional real growth through new gifts and investment return.

*Deficiencies:*

From time to time, the fair value of the assets in endowment funds may fall below the required level stipulated by the donor. In accordance with UPMIFA Standard, deficiencies of this nature are reported in net assets without donor restrictions. If future investments do not alleviate the deficit, Crossnore may be required to contribute additional amounts to the fund. There were no deficiencies at September 30, 2023 and 2022.

The following table summarized endowment fund activity, including contributions, income earned and appropriations for the years ended September 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose- Restricted	Perpetual In Nature	
Net Assets - Year Ended September 30, 2021	\$ 671,172	\$ 201,115	\$ 1,650,013	\$ 2,522,300
Contributions	-		251,225	251,225
Net Unrealized Gain of Securities	-	27,822	-	27,822
Net Assets - Year Ended September 30, 2022	671,172	228,937	1,901,238	2,801,347
Contributions			10,985	10,985
Net Unrealized Gain of Securities		158,455		158,455
Net Assets - Year Ended September 30, 2023	\$ 671,172	\$ 387,392	\$ 1,912,223	\$ 2,970,787

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 13 FAIR VALUE MEASUREMENTS**

Crossnore uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. All assets have been valued using a market approach, except for Level 3 beneficial interest in trusts. Beneficial interests are valued based on the present value of expected future cash flows. For additional information on how Crossnore measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of Crossnore measured at fair value on a recurring basis as of September 30:

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ -	\$ 9,228,639	\$ -	\$ 9,228,639
Mutual Funds	610,073	-	-	610,073
Equity Investments	3,625,546	-	-	3,625,546
Beneficial Interest in Trusts	-	-	3,121,247	3,121,247
Total Assets at Fair Value	<u>\$ 4,235,619</u>	<u>\$ 9,228,639</u>	<u>\$ 3,121,247</u>	<u>\$ 16,585,505</u>

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ -	\$12,300,033	\$ -	\$ 12,300,033
Mutual Funds	492,057	-	-	492,057
Equity Investments	262,248	-	-	262,248
Beneficial Interests in Trusts	-	-	3,142,339	3,142,339
Total Assets at Fair Value	<u>\$ 754,305</u>	<u>\$ 12,300,033</u>	<u>\$ 3,142,339</u>	<u>\$ 16,196,677</u>

Investments in limited liability companies are measured at cost. Investments in limited partnerships are measured at net asset value, which is based on the market value of the underlying investments. These investments are therefore excluded from the fair value tables.

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from September 30, 2021 to September 30, 2023:

Fair Value - September 30, 2021	\$ 3,964,984
Unrealized Gains on Investments	<u>(822,645)</u>
Fair Value - September 30, 2022	3,142,339
Unrealized Loss on Investments	<u>(21,092)</u>
Fair Value - September 30, 2023	<u>\$ 3,121,247</u>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table illustrates the significant unobservable inputs for Level 3 investments measured at fair value on a recurring basis for the years ended September 30:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Beneficial Interests in Trusts	\$ 3,121,247	\$ 3,142,339	FMV of Trust Investments	Time Period of Trust

Certain alternative investments held by Crossnore calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of these investments that calculate net asset value per share for the years ended September 30, 2023 and 2022:

	September 30, 2023			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Altarock Partners Series	\$ 2,231,496	\$ -	Monthly	30 days notice
Bares Mid/Large Cap Series	812,325	-	Monthly	31 days notice
Clarkston Capital Partners Small/Mid Cap Series	1,415,288	-	Monthly	32 days notice
Select Equity Series	1,560,065	-	Monthly	33 days notice
BBH AH Series I	85,720	102,424	Long-Term	N/A
BBH Capital Partners Opportunities	116,432	-	Long-Term	N/A
BBH Capital Partners V-1 Sub-Trust	860,262	150,000	Long-Term	N/A
BBH Capital Partners VI-2	657,916	-	Long-Term	N/A
Valley Forge	2,061,105	-	Monthly	35 days notice
Martello RE	992,214	143,615	Long-Term	N/A
BBH Enhanced Value Fund I	336,406	691,006	Long-Term	N/A
Makaira Partners Series	1,413,484	-	Monthly	36 days notice
GQG Partners Emerging Markets Equity Series	1,246,976	-	Monthly	34 days notice
Barings Loan Sub-Trust	1,184,063	811,250	Long-Term	90 day notice
Silver Point Distressed Opportunity II		500,000	Long-Term	N/A
Silver Point Distressed Opportunity Sub Trust	991,395	-	Long-Term	N/A
Trinity Street	1,544,212	-	Long-Term	N/A
Oaktree Opportunities Sub-Trust	610,993	-	Long-Term	N/A
Total	<u>\$ 18,120,352</u>	<u>\$ 2,398,295</u>		

	September 30, 2022			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Clarkston BBH WS	\$ 200,000	\$ -	Monthly	30 Business Days
Altarock Partners Series	2,302,437	-	Monthly	30 Business Days
Bares Mid/Large Cap Series	1,395,189	-	Monthly	30 Business Days
Clarkston Capital Partners Small/Mid Cap Series	1,120,543	-	Monthly	30 Business Days
Select Equity Series	2,388,314	-	Monthly	30 Business Days
BBH AH Cayman	45,328	200,756	Long-Term	N/A
BBH Capital Partners Opportunities	173,924	238,341	Long-Term	N/A
BBH Capital Partners V-1 Sub-Trust	967,233	122,950	Long-Term	N/A
BBH Capital Partners VI-2	536,967	380,862	Long-Term	N/A
Valley Forge	2,381,253	-	Monthly	30 Business Days
Martello RE	717,160	389,548	Long-Term	N/A
BBH Enhanced Value Fund I	204,880	777,575	Long-Term	N/A
Makaira Partners Series	1,043,791	-	Monthly	30 Business Days
GQG Partners Emerging Markets Equity Series	1,044,621	-	Monthly	30 Business Days
Barings Loan Sub-Trust	1,129,489	866,180	Long-Term	90 Business Days
Silver Point Distressed Opportunity Sub Trust	925,708	267,526	Long-Term	N/A
Oaktree Opportunities Sub-Trust	535,780	164,892	Long-Term	N/A
Total	<u>\$ 17,112,617</u>	<u>\$ 3,408,630</u>		

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Liability Insurance**

Crossnore is subject to legal proceedings and claims which arise in the ordinary course of business. Crossnore maintains liability insurance coverage for claims occurring during the policy year. Occurrence-based policies need only to be in effect on the date that an accident causing damage occurs in order to trigger coverage. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for claims not covered by the policy and any other uninsured liability.

**Self-Insured Health Plan**

Crossnore maintains a health care plan for its' employees which is partially self-insured, where Crossnore accrues a reserve for self-insurance, which is classified as a current liability. As of September 30, 2023 and 2022, the balances in the reserve account were \$100,180 and \$127,268, respectively.

**NOTE 15 RELATED PARTY TRANSACTIONS**

Crossnore pays for some expenses on behalf of The Crossnore Academy, such as facilities, maintenance and utilities. Crossnore charges only \$1 per year to The Crossnore Academy for those amenities. Expenses for items paid for by Crossnore on behalf of The Crossnore Academy totaled \$241,466 and \$268,746 for the years ended September 30, 2023 and 2022, respectively. As of the year ended September 30, 2023, Crossnore had related party receivables totaling \$938,258.



**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUE**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023						2022	
	Crossnore Campus		Winston Campus		Hendersonville Office		Comparative Total	
	Without Donor Restrictions	With Donor Restriction	Without Donor Restrictions	With Donor Restriction	Without Donor Restrictions	With Donor Restriction		
<b>SUPPORT</b>						Total		
Contributions:								
Individuals	\$ 5,138,482	\$ 5,378,386	\$ 402,803	\$ -	\$ 135,393	\$ -	\$ 11,055,064	\$23,541,059
Legacies and Bequests	852,558	-	-	-	-	-	852,558	211,715
Foundations	520,854	-	-	-	-	-	520,854	542,985
Trusts	388,502	-	68,965	-	-	-	457,467	366,713
Special Events	(290)	-	-	-	-	-	(290)	(3,086)
Total Contributions	<u>6,900,106</u>	<u>5,378,386</u>	<u>471,768</u>	<u>-</u>	<u>135,393</u>	<u>-</u>	<u>12,885,653</u>	<u>24,659,386</u>
<b>IN-KIND SUPPORT - SALES STORE</b>	71,458	-	-	-	-	-	71,458	171,428
<b>REVENUE</b>								
Room and Board:								
Foster Care Funds	3,391,752	-	2,668,671	-	-	-	6,060,423	6,084,728
Academy Contract	82,425	-	-	-	-	-	82,425	89,959
School Food Programs	109,149	-	-	-	-	-	109,149	111,240
Relatives	-	-	8,899	-	-	-	8,899	13,436
Total Room and Board	<u>3,583,326</u>	<u>-</u>	<u>2,677,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,260,896</u>	<u>6,299,363</u>
<b>INVESTMENT INCOME</b>								
Interest and Dividends	1,524,507	-	200,303	-	-	-	1,724,810	480,783
Investment Fees	(108,367)	-	-	-	-	-	(108,367)	(113,207)
Investment Gains (Losses)	3,750,817	-	(142,170)	184,322	18,042	-	3,811,011	(8,338,897)
Total Investment Income	<u>5,166,957</u>	<u>-</u>	<u>58,133</u>	<u>184,322</u>	<u>18,042</u>	<u>-</u>	<u>5,427,454</u>	<u>(7,971,321)</u>
<b>CHANGE IN BENEFICIAL INTEREST IN TRUSTS</b>	-	-	-	(20,931)	-	-	(20,931)	(822,645)
<b>SUPPORTING BUSINESS ACTIVITIES</b>								
Blair Fraley Sales Store	218,692	-	-	-	-	-	218,692	215,070
Crossnore Weavers and Gallery	363,459	-	-	-	-	-	363,459	444,741
Miracle Grounds Coffee Shop	181,095	-	-	-	-	-	181,095	122,063
Farm Sales	-	-	3,907	-	-	-	3,907	2,423
Training Center	-	-	430,402	-	-	-	430,402	419,898
Behavioral Health:								
Mental and Medical Services	152,431	-	485,202	-	224,646	-	862,279	1,052,183
Foster Care and Adoptions	22,159	-	838,904	-	405,888	-	1,266,951	1,479,041
Total Supporting Business Activities	<u>937,836</u>	<u>-</u>	<u>1,758,415</u>	<u>-</u>	<u>630,534</u>	<u>-</u>	<u>3,326,785</u>	<u>3,735,419</u>
<b>OTHER INCOME</b>								
Rents and Royalties	124,725	-	-	-	-	-	124,725	160,720
Other Revenue	836,831	-	208,352	-	-	-	1,045,183	491,050
Total Other Income	<u>961,556</u>	<u>-</u>	<u>208,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,908</u>	<u>651,770</u>
<b>Total Support and Revenue</b>	<u>\$ 17,621,239</u>	<u>\$ 5,378,386</u>	<u>\$ 5,174,238</u>	<u>\$ 163,391</u>	<u>\$ 783,969</u>	<u>\$ -</u>	<u>\$ 29,121,223</u>	<u>\$ 26,723,400</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED SCHEDULE OF EXPENSES  
YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2023									2022	
	Crossnore Campus			Winston Campus			Hendersonville Office			Total	Comparative Total
	Program Services	Supporting Services	Other Services	Program Services	Supporting Services	Other Services	Program Services	Supporting Services	Other Services		
Salaries	\$ 3,839,631	\$ 533,261	\$ 532,857	\$ 5,883,644	\$ 1,303,010	\$ 85,911	\$ 883,487	\$ 278,406	\$ -	\$ 13,340,207	\$12,249,201
Payroll Taxes	319,436	38,649	42,385	450,271	83,195	6,687	69,277	20,195	-	1,030,095	975,230
Employee Benefits	749,839	81,470	88,529	981,235	179,920	13,324	163,718	49,667	-	2,307,702	2,215,212
Insurance	342,193	6,123	8,340	249,536	10,103	28,624	1,089	372	-	646,380	608,780
Supplies	129,995	6,014	23,163	106,069	11,778	2,130	8,123	9,754	-	297,026	270,636
Utilities	269,519	16,302	28,990	227,934	22,033	2,538	2,742	3,433	-	573,491	647,231
Student Special Needs	12,218	-	-	21,611	-	-	-	-	-	33,829	55,917
Student Scholarships	167,889	57	-	-	-	-	-	-	-	167,946	244,622
Student Allowances	61,074	-	-	39,067	-	-	-	-	-	100,141	77,439
Staff Expenses	61,994	156,931	1,673	167,418	59,750	1,052	9,521	8,732	-	467,071	304,976
Food and Beverage	475,976	7,746	3,425	273,792	7,734	339	2,954	7,364	-	779,330	694,047
First Aid	22,893	-	-	28,714	-	-	-	-	-	51,607	51,972
Recreation	113,421	-	-	37,821	31	-	-	-	-	151,273	144,302
Equipment Rental	17,518	19,412	-	9,767	10,495	-	9,781	33,209	-	100,182	80,498
Freight and Postage	3,094	14,931	793	1,369	11,189	-	149	6,999	-	38,524	61,810
Professional Services	44,685	334,068	-	189,195	130,747	183	12,006	5,592	-	716,476	855,952
Maintenance, Repairs, and Contract Labor	395,265	128,131	41,780	636,579	90,775	28,755	55,300	9,863	-	1,386,448	995,012
Foster Care Parent Fees	8,361	-	-	279,157	-	-	149,957	-	-	437,475	498,152
Advertising	11,774	67,203	-	6,659	51,364	-	139	33,004	-	170,143	163,841
Dues and Subscriptions	14,408	8,568	1,529	20,173	33,288	26	6,977	1,583	-	86,552	44,218
Telephone	37,135	3,980	1,441	63,506	13,927	433	12,200	3,357	-	135,979	143,491
Printing, Publishing, and Solicitation	17,662	77,732	-	4,129	51,674	303	1,226	37,606	-	190,332	181,934
Property Taxes	45,270	-	3,510	85	-	-	-	-	-	48,865	12,725
Auto Expense	100,013	10,006	10,651	97,268	18,170	10,538	4,713	7,059	-	258,418	213,072
Student Work Programs	31,928	-	-	-	-	-	-	-	-	31,928	29,199
Travel	15,677	4,950	5,660	96,917	10,469	37	9,399	5,564	-	148,673	124,221
Cost of Goods Sold	-	-	422,189	-	-	-	-	-	-	422,189	522,345
Special Programs	27,484	34	-	18,708	86	16,742	711	308	-	64,073	39,538
Bank Service Charges	638	8,505	20,757	503	22,364	-	319	-	-	53,086	37,200
Trust Management Fees	-	108,367	-	-	-	-	-	-	-	108,367	113,207
Interest Expense	-	5,098	-	-	4,964	-	-	-	-	10,062	-
Miscellaneous	26,832	18,217	15,273	91,609	28,278	-	29	-	-	180,238	89,939
Total Expenses Before Depreciation	7,363,822	1,655,755	1,252,945	9,982,736	2,155,344	197,622	1,403,817	522,067	-	24,534,108	22,745,919
Depreciation	1,050,250	77,216	92,534	285,114	173,372	14,516	16,722	4,842	-	1,714,566	1,952,397
Total Expenses	\$ 8,414,072	\$ 1,732,971	\$ 1,345,479	\$ 10,267,850	\$ 2,328,716	\$ 212,138	\$ 1,420,539	\$ 526,909	\$ -	\$ 26,248,674	\$ 24,698,316

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES – CROSSNORE CAMPUS**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023												2022		
	Crossnore Campus														
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Academy/ Education	Clinic	Homebuilders	Preventive Care	Tailored Care Management	Center For Trauma Resilient Communities	Foster Care	Total	Comparative Total
Salaries	\$ 2,449,498	\$ 293,886	\$ 190,441	\$ 245,970	\$ 44,276	\$ 377,306	\$ 81,677	\$ 53,016	\$ -	\$ -	\$ 5,213	\$ -	\$ 98,348	\$ 3,839,631	\$ 4,221,694
Payroll Taxes	192,127	23,282	16,091	18,375	3,667	29,661	6,315	4,137	-	-	17,926	-	7,855	319,436	342,940
Employee Benefits	452,882	49,987	38,101	47,329	11,675	83,461	15,158	9,361	-	-	26,613	-	15,272	749,839	835,133
Insurance	333,412	3,227	912	383	51	606	726	2,644	-	-	119	-	113	342,193	311,732
Supplies	74,768	6,315	2,077	5,865	122	35,044	2,142	1,780	12	-	196	-	1,674	129,995	116,368
Utilities	147,910	8,344	6,787	2,202	21,192	36,258	42,307	2,793	-	-	-	-	1,726	269,519	328,981
Student Special Needs	8,807	3,411	-	-	-	-	-	-	-	-	-	-	-	12,218	28,448
Student Scholarships	167,889	-	-	-	-	-	-	-	-	-	-	-	-	167,889	43,131
Student Allowances	61,207	-	-	17	-	-	-	-	-	-	-	-	(150)	61,074	38,087
Staff Expenses	28,371	1,232	3,150	7,310	-	2,104	459	543	-	-	58	-	18,767	61,994	46,607
Food and Beverage	132,217	1,221	1,337	2,282	2,929	333,917	-	207	-	-	-	-	1,866	475,976	470,249
First Aid	22,675	218	-	-	-	-	-	-	-	-	-	-	-	22,893	28,765
Recreation	40,979	419	-	41	71,982	-	-	-	-	-	-	-	-	113,421	96,324
Equipment Rental	2,651	3,460	3,134	208	-	5,045	1,430	31	-	-	-	-	1,559	17,518	13,952
Freight and Postage	1,523	71	23	167	-	49	44	33	-	-	-	-	1,184	3,094	1,319
Professional Services	11,532	1,374	14,253	6,234	-	5,579	1,326	3,995	-	-	-	-	392	44,685	60,294
Maintenance, Repairs, and Contract Labor	264,744	45,028	754	9,258	2,430	33,651	21,950	17,363	-	84	-	-	3	395,265	386,716
Foster Care Parent Fees	-	-	-	-	-	-	-	-	-	-	-	-	8,361	8,361	49,009
Advertising	5,887	-	-	-	-	-	-	-	-	-	-	-	5,887	11,774	9,800
Dues and Subscriptions	5,779	2,499	256	2,114	-	2,308	125	920	-	-	-	-	407	14,408	6,566
Telephone	18,845	8,136	1,993	1,201	905	1,723	671	581	-	-	1,274	-	1,806	37,135	46,595
Printing, Publishing, and Solicitation	6,517	-	-	-	-	-	-	-	-	-	-	-	11,145	17,662	339
Property Taxes	45,270	-	-	-	-	-	-	-	-	-	-	-	-	45,270	1,407
Auto Expense	77,266	5,199	676	3,586	1,321	3,693	5,180	1,625	-	33	4	-	1,430	100,013	90,009
Student Work Programs	31,904	21	-	-	-	-	-	-	-	-	-	-	3	31,928	29,199
Travel	3,203	621	667	4,506	48	1,180	363	418	-	-	2,367	-	2,304	15,677	15,407
Special Programs	27,484	-	-	-	-	-	-	-	-	-	-	-	-	27,484	25,062
Bank Service Charges	-	-	319	-	-	-	-	319	-	-	-	-	-	638	400
Miscellaneous	7,212	1,242	-	-	-	38	12,000	12	-	-	-	1,278	5,050	26,832	24,156
Total Expenses Before Depreciation	4,622,559	459,193	280,971	357,048	160,598	951,623	191,873	99,778	12	117	53,770	1,278	185,002	7,363,822	7,668,689
Depreciation	763,975	33,886	7,571	12,615	39,763	124,989	49,301	17,781	-	-	-	-	369	1,050,250	1,124,297
Total Expenses	\$ 5,386,534	\$ 493,079	\$ 288,542	\$ 369,663	\$ 200,361	\$ 1,076,612	\$ 241,174	\$ 117,559	\$ 12	\$ 117	\$ 53,770	\$ 1,278	\$ 185,371	\$ 8,414,072	\$ 8,792,986

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES – WINSTON CAMPUS**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023											2022	
	Winston Campus												
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Foster Care	Recreation	Dietary	Center For Trauma Resilient Communities	Home Builders	Medical Clinic	Tailored Care Management	Total	Comparative Total
Salaries	\$ 1,820,104	\$ 276,813	\$ 959,455	\$ 542,121	\$ 789,743	\$ 14,525	\$ 105,411	\$ 667,006	\$ 304,376	\$ 47,343	\$ 356,747	\$ 5,883,644	\$ 5,354,059
Payroll Taxes	145,266	21,561	71,173	43,000	55,140	-	8,120	50,725	24,036	3,712	27,538	450,271	416,412
Employee Benefits	328,890	59,230	157,254	91,223	152,045	-	18,511	60,529	56,827	4,076	52,650	981,235	890,802
Insurance	188,316	903	29,396	844	10,608	-	254	730	14,399	55	4,031	249,536	244,529
Supplies	46,196	1,337	4,715	2,382	5,970	362	22,343	8,257	555	833	13,119	106,069	99,866
Utilities	185,062	3,923	14,046	1,996	14,501	188	864	729	-	71	6,554	227,934	237,242
Student Special Needs	2,204	15,223	-	-	2,208	-	-	-	1,976	-	-	21,611	27,469
Student Scholarships	-	-	-	-	-	-	-	-	-	-	-	-	10,270
Student Allowances	38,873	-	-	-	194	-	-	-	-	-	-	39,067	35,514
Staff Expenses	22,364	3,384	11,848	8,532	23,158	-	561	67,775	27,937	1,326	533	167,418	162,300
Food and Beverage	83,591	585	2,505	5,350	2,597	2,063	127,349	14,477	1,518	61	33,696	273,792	200,412
First Aid	25,536	90	-	-	-	-	-	-	-	3,088	-	28,714	23,207
Recreation	23,161	-	1,608	-	-	13,044	-	-	-	-	8	37,821	47,538
Equipment Rental	4,804	161	1,927	373	2,159	-	96	70	-	17	160	9,767	12,023
Freight and Postage	199	469	255	26	200	-	37	163	-	20	-	1,369	12,966
Professional Services	37,828	384	15,445	731	4,121	-	57	68,162	-	62,467	-	189,195	274,169
Maintenance, Repairs, and Contract Labor	261,062	25,467	55,816	25,411	38,064	1,479	19,322	200,465	-	9,302	191	636,579	324,243
Foster Care Parent Fees	-	-	-	-	279,157	-	-	-	-	-	-	279,157	277,177
Advertising	61	1,962	3,076	-	-	-	-	1,560	-	-	-	6,659	16,921
Dues and Subscriptions	7,360	216	2,406	698	2,227	-	464	5,729	439	594	40	20,173	10,989
Telephone	17,964	5,871	14,451	5,753	10,221	-	1,150	1,185	2,302	1,484	3,125	63,506	49,619
Printing, Publishing, and Solicitation	95	2,173	5	4	2	-	1	123	1,726	-	-	4,129	639
Auto Expense	77,807	662	6,518	4,095	5,831	-	964	706	214	52	419	97,268	78,324
Travel	6,143	583	919	1,809	4,347	484	161	26,910	6,204	1,171	48,186	96,917	71,798
Special Programs	8,413	(126)	-	-	491	9,930	-	-	-	-	-	18,708	8,053
Bank Service Charges	-	-	344	-	-	-	-	-	-	159	-	503	529
Property Taxes	85	-	-	-	-	-	-	-	-	-	-	85	-
Miscellaneous	2,117	25	163	63,425	120	-	23	25,724	-	12	-	91,609	4,541
Total Expenses Before Depreciation	<u>3,333,501</u>	<u>420,896</u>	<u>1,353,325</u>	<u>797,773</u>	<u>1,403,104</u>	<u>42,075</u>	<u>305,688</u>	<u>1,201,025</u>	<u>442,509</u>	<u>135,843</u>	<u>546,997</u>	<u>9,982,736</u>	<u>8,891,611</u>
Depreciation	185,079	6,670	31,488	7,203	15,906	-	9,711	971	5,139	1,931	21,016	285,114	414,960
Total Expenses	<u>\$ 3,518,580</u>	<u>\$ 427,566</u>	<u>\$ 1,384,813</u>	<u>\$ 804,976</u>	<u>\$ 1,419,010</u>	<u>\$ 42,075</u>	<u>\$ 315,399</u>	<u>\$ 1,201,996</u>	<u>\$ 447,648</u>	<u>\$ 137,774</u>	<u>\$ 568,013</u>	<u>\$ 10,267,850</u>	<u>\$ 9,306,571</u>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES**  
**HENDERSONVILLE OFFICE**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023						2022
	Hendersonville Office						Comparative
	Foster Care	OP Therapy	Residential Living and Cottages	Tailored Care Management	Case Management	Total	Total
Salaries	\$ 334,694	\$ 343,662	\$ 100,837	\$ 104,647	\$ (353)	\$ 883,487	\$ 697,636
Payroll Taxes	26,030	26,874	8,141	8,232	-	69,277	54,970
Employee Benefits	61,381	68,843	16,360	17,134	-	163,718	122,683
Insurance	426	347	157	159	-	1,089	-
Supplies	2,610	2,218	2,024	1,271	-	8,123	3,663
Utilities	1,863	322	557	-	-	2,742	3,245
Student Allowances	-	-	-	-	-	-	3,838
Staff Expenses	5,058	4,005	364	94	-	9,521	22,131
Food and Beverage	1,453	765	736	-	-	2,954	4,134
Equipment Rental	5,856	3,925	-	-	-	9,781	10,154
Freight and Postage	57	79	13	-	-	149	190
Professional Services	3,955	7,775	276	-	-	12,006	13,027
Maintenance, Repairs, and Contract Labor	16,646	16,864	21,790	-	-	55,300	12,351
Foster Care Parent Fees	149,957	-	-	-	-	149,957	171,966
Advertising	-	-	139	-	-	139	-
Dues and Subscriptions	5,004	1,973	-	-	-	6,977	3,544
Telephone	4,756	5,581	489	1,000	374	12,200	10,503
Printing, Publishing, and Solicitation	1,226	-	-	-	-	1,226	2,092
Auto Expense	2,937	1,321	368	87	-	4,713	4,714
Travel	3,793	1,504	1,838	2,264	-	9,399	6,994
Special Programs	659	52	-	-	-	711	310
Bank Service Charges	-	319	-	-	-	319	423
Miscellaneous	-	29	-	-	-	29	1,408
Total Expenses Before Depreciation	628,361	486,458	154,089	134,888	21	1,403,817	1,149,976
Depreciation	3,983	4,786	3,687	-	4,266	16,722	11,487
Total Expenses	\$ 632,344	\$ 491,244	\$ 157,776	\$ 134,888	\$ 4,287	\$ 1,420,539	\$ 1,161,463

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF SUPPORTING SERVICES EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023						2022	
	Crossnore Campus		Winston Campus		Hendersonville Office		Total	Comparative Total
	Administrative	Advancement	Administrative	Advancement	Administrative	Advancement		
Salaries	\$ 389,611	\$ 143,650	\$ 1,173,145	\$ 129,865	\$ 41,202	\$ 237,204	\$ 2,114,677	\$ 1,423,387
Payroll Taxes	29,247	9,402	73,587	9,608	2,997	17,198	142,039	112,187
Employee Benefits	62,214	19,256	160,431	19,489	7,988	41,679	311,057	269,132
Insurance	5,938	185	9,964	139	59	313	16,598	14,170
Supplies	4,537	1,477	10,841	937	3,098	6,656	27,546	29,913
Utilities	13,547	2,755	18,580	3,453	478	2,955	41,768	46,650
Student Scholarships	27	30	-	-	-	-	57	191,221
Staff Expenses	11,272	145,659	55,191	4,559	879	7,853	225,413	70,616
Food and Beverage	4,087	3,659	5,691	2,043	718	6,646	22,844	16,654
Recreation	-	-	-	31	-	-	31	440
Equipment Rental	3,888	15,524	8,143	2,352	11,671	21,538	63,116	44,369
Freight and Postage	7,698	7,233	5,845	5,344	85	6,914	33,119	46,250
Professional Services	121,379	212,689	124,932	5,815	924	4,668	470,407	508,391
Maintenance, Repairs, and Contract Labor	88,546	39,585	74,277	16,498	1,223	8,640	228,769	199,470
Advertising	31,879	35,324	27,455	23,909	-	33,004	151,571	136,475
Dues and Subscriptions	6,841	1,727	31,700	1,588	-	1,583	43,439	22,690
Telephone	3,248	732	13,172	755	1,052	2,305	21,264	32,628
Printing, Publishing, and Solicitation	35,770	41,962	24,727	26,947	-	37,606	167,012	178,864
Auto Expense	7,074	2,932	16,895	1,275	1,684	5,375	35,235	23,200
Travel	2,921	2,029	9,097	1,372	1,326	4,238	20,983	26,671
Special Programs	34	-	54	32	90	218	428	-
Bank Service Charges	8,505	-	22,364	-	-	-	30,869	20,341
Trust Management Fees	108,367	-	-	-	-	-	108,367	113,207
Interest Expense	5,098	-	4,964	-	-	-	10,062	-
Miscellaneous	18,217	-	28,278	-	-	-	46,495	47,474
Total Expenses before Depreciation	<u>969,945</u>	<u>685,810</u>	<u>1,899,333</u>	<u>256,011</u>	<u>75,474</u>	<u>446,593</u>	<u>4,333,166</u>	<u>3,574,400</u>
Depreciation	<u>62,373</u>	<u>14,843</u>	<u>169,791</u>	<u>3,581</u>	<u>1,030</u>	<u>3,812</u>	<u>255,430</u>	<u>255,715</u>
Total Expenses	<u>\$ 1,032,318</u>	<u>\$ 700,653</u>	<u>\$ 2,069,124</u>	<u>\$ 259,592</u>	<u>\$ 76,504</u>	<u>\$ 450,405</u>	<u>\$ 4,588,596</u>	<u>\$ 3,830,115</u>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF OTHER SERVICES EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2023						2022
	Crossnore Campus			Winston Campus			Comparative Total
	Blair Fraley Sales Store	Weavers and Gallery	Miracle Grounds Coffee Shop	Farm	Miracle Grounds Network	Total	
Salaries	\$ 254,062	\$ 150,790	\$ 128,005	\$ 38,356	\$ 47,555	\$ 618,768	\$ 552,425
Payroll Taxes	20,631	11,358	10,396	3,054	3,633	49,072	48,721
Employee Benefits	34,992	28,702	24,835	4,699	8,625	101,853	97,462
Insurance	227	6,965	1,148	28,572	52	36,964	38,349
Supplies	1,743	6,093	15,327	1,301	829	25,293	20,826
Utilities	14,349	6,441	8,200	2,538	-	31,528	31,113
Staff Expenses	548	482	643	110	942	2,725	3,322
Food and Beverage	583	2,079	763	136	203	3,764	2,598
First Aid	-	-	-	-	-	-	-
Freight and Postage	5	780	8	-	-	793	1,085
Professional Services	-	-	-	183	-	183	71
Maintenance, Repairs, and Contract Labor	14,272	12,798	14,710	28,755	-	70,535	72,232
Advertising	-	-	-	-	-	-	645
Dues and Subscriptions	583	702	244	26	-	1,555	429
Telephone	633	655	153	433	-	1,874	4,146
Printing, Publishing, and Solicitation	-	-	-	303	-	303	-
Property Taxes	2,861	649	-	-	-	3,510	11,318
Auto Expense	6,989	2,903	759	10,538	-	21,189	16,825
Travel	112	5,486	62	37	-	5,697	3,351
Cost of Goods Sold	65,403	280,036	76,750	-	-	422,189	522,345
Special Programs	-	-	-	8,139	8,603	16,742	6,113
Bank Service Charges	3,470	12,452	4,835	-	-	20,757	15,507
Miscellaneous	-	15,267	6	-	-	15,273	12,360
Total Expenses Before Depreciation	421,463	544,638	286,844	127,180	70,442	1,450,567	1,461,243
Depreciation	52,526	22,260	17,748	13,761	755	107,050	145,938
Total Expenses	<u>\$ 473,989</u>	<u>\$ 566,898</u>	<u>\$ 304,592</u>	<u>\$ 140,941</u>	<u>\$ 71,197</u>	<u>\$ 1,557,617</u>	<u>\$ 1,607,181</u>