CROSSROADS SYSTEMS, INC

A Delaware Corporation
4514 Cole Avenue, Suite 1600
Dallas, TX 75205
(214) 999-0149
www.crossroads.com

SIC CODE: 6712

Annual Report

For the Period Ending: October 31, 2020
(the "Reporting Period")

The number of shares outstanding of our Common Stock is **5,971,994** SHARES as of OCTOBER 31, 2020.

The number of shares outstanding of our Common Stock was **5,971,994** SHARES as of JULY 31, 2020 (end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

Part A **General Company Information**

Item 1) Name of the issuer and its predecessors (if any)

Crossroads Systems, Inc
Prior Symbol CRDS - Bankruptcy Plan Effective October 3, 2017;
Current CRSS: OTCQX

Item 2) Address and principal executive offices

Crossroads Systems, Inc
4514 Cole Avenue, Suite 1600
Dallas, TX 75205
(214) 999-0149
www.crossroads.com; www.capitalplusfin.com
ir@crossroads.com; info@capitalplusfin.com

Item 3) Jurisdiction and date of incorporation and organization

Delaware Corporation, Active
September 26, 1996

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☒ No: ☐

Part B **Share Structure**

Item 4) The exact title and class of securities outstanding

Trading symbol:	CRSS
Exact title and class of securities outstanding	Common Shares
CUSIP:	22766K103
Par or stated value:	$0.001

Item 5) Par or state value and description of security

Crossroads Systems, Inc. (OTCQX: CRSS), Amended and Restated Certificate of Incorporation authorizes the Company to issue 75,000,000 shares of Common Stock, par value $0.001 per share. As of October 31, 2020, there were 5,971,994 shares of Common Stock issued and outstanding.

A. Par or Stated Value.

Common Stock: $.001 per share

Common or Preferred Stock.

1. Common Stock dividend, voting and preemption rights: Each share of Common Stock has one vote on each matter submitted to a vote of the stockholders of the Company. Subject to the provisions of applicable law and the rights of the holders of the outstanding shares of preferred stock, if any, the holders of shares of Common Stock are entitled to receive, when and as declared by the Board of Directors of the Company, out of the assets of the Company legally available therefor, dividends or other distributions, whether payable in cash, property or securities of the Company.

2. Preferred Stock dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions: n/a
3. Other material rights of Common or Preferred Stockholders: n/a
4. Any provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer: The Company's charter includes a tax benefits protection provision that prohibits any transfer of the Company's shares to the extent that, as a result of such transfer, a person would become a 4.99% stockholder of the Company or the percentage stock ownership of any current 4.99% stockholder would increase.

Item 6) **The number of shares or total amount of securities outstanding for each class of securities authorized**

Total shares authorized:	75,000,000	as of date: October 31, 2020
Total shares outstanding:	5,971,994	as of date: October 31, 2020
Number of shares in the Public Float[1]:	2,029,592	as of date: October 31, 2020
Total number of shareholders of record:	162	as of date: October 31, 2020
Total number of shareholders of record (holding at least 100 shares):	57	as of date: October 31, 2020

Item 7) **Transfer Agent**

Name: American Stock Transfer & Trust Company
Phone: (866) 703-9077
Email: TCajuste@astfinancial.com

Is the Transfer Agent registered under the Exchange Act?[2] Yes: ☒ No: ☐

Part C **Business Information**

Item 8) The nature of the issuer's business.

A. Business Development.

Crossroads Systems, Inc. (OTC Pink: CRSS) was an intellectual property licensing company headquartered in Austin, Texas. Founded in 1996 as a product solutions company, Crossroads created some of the storage industry's most fundamental patents and has licensed patents to more than 50 companies since 2000. CRSS's fiscal year-end is October 31.

On August 13, 2017, the Company filed for re-organization under Chapter 11 of the Federal Bankruptcy Code (the "Plan") which had been accepted by the holders of more than 2/3 of the preferred shares of the Company. In connection with the filing, the Company entered into restructuring support agreements with 210/CRDS Investment LLC ("210") and with certain holders of the Company's series F preferred stock. Subject to the terms and conditions of the Plan and the restructuring support agreement with 210, Dallas-based 210 invested $4 million cash in the Company in exchange for shares of the reorganized Company's common stock representing approximately 49.49% of the common stock of the reorganized Company. In addition, 210 committed to provide up to $10 million of financing for the Company to use (subject to the terms and conditions of the Plan and the 210 RSA) to implement its strategy of monetizing its intellectual property assets and pursuing investments in companies that generate profit and positive cash flows, thus creating long-term shareholder value. The Plan provided for the payment of all creditor claims in full, for holders of preferred shares to receive their pro rata share of $2.7 million in cash plus 8% of the common stock of the reorganized Company, and for holders of common stock to exchange their existing shares of common stock for an equivalent

number of new shares of the common stock of the reorganized Company, which shares would constitute approximately 42.51% of the outstanding shares of common stock of the reorganized Company. The Plan was approved by the Court on September 18, 2017 and effective October 3, 2017, The Company was delisted from the Nasdaq exchange to the Over-the-Counter ("OTC") Pink Sheets on September 10, 2017, 10 days after the exchange filed its Form 25.

On December 18, 2017, Crossroads Systems, Inc. closed on the acquisition of 100% of the common equity of Capital Plus Financial, LLC ("CPF"), a Texas based community development financial institution ("CDFI"), $30.8 million in cash and 49.5% or 2,955,028 of newly issued common stock. This transaction did not trigger any Change of Control, however, did grant CPF owners/management two board seats.

In November 2019, Crossroads announced it had reached a definitive agreement to purchase Rice Bankshares. The transaction will merge Capital Plus Financial and the First State Bank and create a CDFI Bank and Minority Depository Institution and expand the products and services CPF has historically offered to more traditional banking products such as deposit accounts for the underbanked and unbanked and small business loans. As of the date of this report, the Company was working through the regulatory application process.

As of the date of this report and the three preceding years, Crossroads has not been involved in any litigation. In 2018, the Company settled two outstanding legal matters dating back to 2013 and prior management and business lines since shuttered as part of the reorganization into a financial holding company. The matters were related to the Crossroads patent business and royalties owed to the Company.

Outside of the legal settlement above, Crossroads has not been in any default of a loan, lease, or other indebtedness or financing arrangement.

B. Business of Issuer.

Crossroads primary and secondary SIC Codes are 6712.

Crossroads Systems, Inc. (OTCQX: CRSS), is a holding company focused on investing in businesses that promote economic vitality and community development. Crossroads' subsidiary, Capital Plus Financial (CPF), is a certified Community Development Financial Institution (CDFI) and certified B-Corp that supports Hispanic homeownership with a long-term, fixed-rate single-family mortgage product. CPF was acquired on December 18, 2017 and CPF management currently owns 2,955,028 shares or 49.5% of the outstanding stock.

Crossroads' primary subsidiary is Capital Plus Financial. Capital Plus was originally formed in 1992 to provide mortgage financing within the state of Texas. Throughout its life, CPF has evolved to serve the Hispanic population by providing credit that is otherwise unavailable.

CPF has injected over $250 million into under-served communities and populations in Texas. CPF is committed to continuing to serve communities in which it has a history of 25 years, as well as expand its reach to serve its expanding customer base.

The other integral part of the CPF's mission is to provide affordable housing. This is done through the substantial rehabilitation of blighted homes in low to moderate-income areas. Through this process, communities are improved and housing that is safe and sustainable is provided to hundreds of people a year looking to make their way up the socio-economic ladder.

The consolidated company currently has 27 full-time employees between Dallas-Fort Worth, Houston, and San Antonio. The financial results of Crossroads are consolidated and include the operating results of CPF.

The Company has not at any time been a "shell company" as defined in Rule 405 of the Securities Act of 1933, as amended, and Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

As with any operating company, we are subject to a growing number of local, national, and international laws and regulations. These laws are often complex and are frequently changing. Changing or growing regulation could impose additional compliance burdens and costs on us and could subject us to significant liability for any failure to comply.

Item 9 The nature of the products or services offered

The nature of products or services offered.

Through our subsidiary, CPF's core business is to provide mortgage financing to Hispanic homeowners within the state of Texas. CPF achieves this via purchasing blighted, single-family homes in low to moderate-income areas within the state. It then renovates and refurbishes these properties and sells them to the Hispanic community. The targeted homes are generally 900 to 1,400 sq. ft., 2-3 bedrooms, and range in value from $75,000 to $150,000 (after renovations).

Typically, targeted properties meet some or all of the following criteria:

- Outdated, especially the kitchens and bathrooms;
- Little current curb appeal;
- Atypical layouts or features that turn buyers away;
- Not well maintained;
- Sellers looking for a quick sale; and
- Sellers seeking a cash buyer, who is not reliant upon financing contingencies.

While there is natural competition from community banks on the financing side of the business, there are multiple factors that have kept this to a minimum, including but not limited to bank compliance regulation costs, borrower distrust of the banking system, and small balance size of the mortgages provided.

CPF is, as are all regulated lending institutions, dependent on the continued regulatory approval of our loan offerings. We comply with the Texas Department of Savings and Mortgage Lending regulations as well as federal lending guidelines. We subject ourselves to annual compliance, fair lending, and servicing audits to ensure that our procedures remain in compliance and are kept abreast of the latest regulatory changes.

As was announced on November 18, 2019, Crossroads has reached a definitive agreement to purchase Rice Bankshares. The transaction will merge Capital Plus Financial and the First State Bank and create a CDFI Bank and Minority Depository Institution and expand the products and services CPF has historically offered to more traditional banking products such as deposit accounts for the underbanked and unbanked and small business loans. As of the date of this report, the Company was working through the regulatory application process.

Item 10 The nature and extent of the issuer's facilities.

The Company is obligated, as lessee, under non-cancelable operating lease agreements for office space located in Bedford, Texas and Houston, Texas. The lease agreements require monthly payments totaling $12,600 through their expiration in December 2022.

Future minimum payments required under non-cancelable operating lease agreements are as follows for the years ending October 31:

Rent expense associated with non-cancelable operating leases for the year ended October 31, 2020 was $151,200.

	Bedford	Houston	Total
2021	109,800	41,400	151,200
2022	109,800	41,400	151,200
2023	18,300	6,900	25,200
	$237,900	**$ 89,700**	**$327,600**

Part D **Management Structure and Financial Information**

Item 11 **The name of the chief executive officer, members of the board of directors, as well as control persons.**

A. Officers, Directors and Control Persons.

The following table shows the number of shares of Common Stock beneficially owned by directors, executive officers, and persons known by the Company to beneficially own more than five percent (5%) of the issued and outstanding shares of Common Stock of the Company as of October 31, 2020.

Percentage of beneficial ownership is calculated assuming 5,971,994 shares of the Company's Common Stock (net of treasury shares) were outstanding as of October 31, 2020. Except as otherwise indicated, and subject to applicable community property laws, to the Company's knowledge, each person has sole voting and dispositive power with respect to all shares of Common Stock beneficially shown as owned by that person.

Beneficial Owner/Shareholder Name	Business Address	Affiliation with Company (e.g. Officer/Director /Control Person)	Number of Shares	% Ownership	Class of Shares
Eric Donnelly (EDUCM, Inc.)	Dallas, TX	Executive Officer, Director and Control Person	532,838	8.9%	Common
Farzana Giga (Giga Investments, LLC)	Frisco, TX	Executive Officer, Director and Control Person & Member of Audit Committee	432,931	7.2%	Common
Robert Alpert (210/CRDS Investments)	Dallas, TX	Chairman of the Board & Control Person	746,142	12.5%	Common
Clark Webb (210/CRDS Investments)	Dallas, TX	Director & Control Person & Member Audit Committee	746,142	12.4%	Common
Claire Gogel	Dallas, TX	Independent Director	193,438	3.2%	Common
James Perez Foster	Boulder, CO	Independent Director & Member Audit Committee	601	0.01%	Common
Ray Kembel	Dallas, TX	Independent Director & Member Audit Committee	401	0.01%	Common
Mark Crockett	Fort Worth, TX	Officer and Owner of more that 5%	466,233	7.8%	Common
Westchester Standard, LLC (Farzana Giga)	Dallas, TX	Owner of more than 5%; Managed by Farzana Giga	557,225	9.3%	Common
Charles A Vose III	Dallas, TX	Owner of more than 5%	299,722	5.0%	Common

Robert H. Alpert - Chairman of the Board

Robert Alpert has served as Chairman of the Board since October 2017. He is the Chairman and Co-CEO of P10 Holdings, Inc. He is also the co-founder and principal of 210 Capital, LLC. Mr. Alpert is a director of Elah Holdings, Inc., Collaborative Imaging, LLC. and Chairman of the Board of Redpoint Insurance Group, LLC. He is also the co-founder of Homebuilder Capital Advisors, LLC. and the co-founder and managing member of Merfax Financial Group, LP. Mr. Alpert previously served as the Chief Executive Officer and Chairman of the Board of GlobalSCAPE, Inc. Prior to founding 210 Capital, Mr. Alpert was the founder and portfolio manager of Atlas Capital Management, L.P.

Eric Donnelly – Director and Officer

Eric Donnelly has served as a director and as Chief Executive Officer since December 2017. Mr. Donnelly has spent his 20-year career focused on supporting small businesses and developing low to moderate-income communities with an emphasis on Hispanic homeownership. He has served as Capital Plus Financial LLC's Chief Executive Officer since 2014 after having been hired by the company's founder in 2012 to scale the 25-year social enterprise. Mr. Donnelly has grown the company into one of the largest Community Development Financial Institutions in the country and under his leadership has achieved its B Corp certification further reinforcing the company's commitment to community impact as well as shareholder value growth. In 2005 after many years in commercial banking, Mr. Donnelly founded a national small balance commercial real estate finance company focused on delivering long-term, fixed-rate options to small business owners. He is an active Hispanic entrepreneur and leader whose passion it is to improve underserved and underbanked market segments. Mr. Donnelly is a graduate of Southern Methodist University with a Bachelor of Arts in Economics. Mr. Donnelly is a director of InBankshares and International Bank, a community bank located in New Mexico and Colorado. He is a on the board of Financial Mentors of America, Inc. (FMA), an educational nonprofit which seeks to achieve social and economic transformation. He is a participant in the BBVA Momentum program for Social Entrepreneurs, a 2017 graduate of the Stanford Latino Entrepreneur Initiative.

James Pérez Foster – Independent Director & Member of Audit Committee

James Pérez Foster is a seasoned board member with national banking and Community Development Financial Institution (CDFI) board experience. He is a technology executive and management consultant with more than 25 years of strategic growth, impact investment advisory, and community engagement experience. A published expert on U.S. underserved market segments for global financial services and banking institutions, he is the founder of Bainbridge Advisors, LLC, a consulting and research firm that serves financial institutions and federal agencies. Pérez Foster also founded Solera National Bancorp, a federally chartered bank holding company that is credited as one of the first Hispanic-markets focused commercial banks in the country. He has a BA in International Relations from Syracuse University's Maxwell School of Citizenship and Public Affairs.

Farzana Giga – Director and Officer & Member of Audit Committee

Farzana Giga has served as Capital Plus Financial's Chief Financial Officer since 2014. Ms. Giga's background includes extensive experience in private equity, financial reporting and analysis, investor reporting, and treasury for both private and public companies in Canada and the United States. Prior to CPF, Ms. Giga served as CFO for a private equity firm focused on residential seller financing including acquisitions, mortgage origination, and mortgage servicing for a portfolio exceeding $100M. From 2007 to 2009, she worked as an Investment Manager at Quadrant Capital Partners where she was responsible for loan acquisitions and financial analysis of residential and commercial real estate. Prior to Quadrant, Ms. Giga served as an Assistant Vice President at INYX Canada where she was responsible for all strategic and financial planning, budgeting/forecasting, cash flow analysis, mergers and acquisitions analysis including quarterly and annual SEC filings. Prior to INYX, Ms. Giga served as Director, Treasury at RR Donnelly responsible for managing a debt portfolio of $2B. Ms. Giga is a Certified Public Accountant, Certified Management Accountant in Ontario, Canada, and received her Bachelor of Arts, Economics (Management & Accounting) from the University of Toronto.

Claire Gogel – Independent Director

Claire Gogel has served as a director since October 2017. Ms. Gogel was an Independent Director and member of the finance and restructuring committee at SunEdison, Inc., and had served in that position since 2016 when she was appointed as an independent director by Greenlight Capital. From 2009 to 2014, Ms. Gogel served as a partner and analyst at Greenlight Capital, a hedge fund in New York. From 2001 to 2009, Ms. Gogel was founder and portfolio manager of Perennial Advisors. Ms. Gogel's professional experience also includes positions as a portfolio manager at Discovery Partners and as a research associate at Cardinal Investment Company. Ms. Gogel is a Board member and Chair of the Grant Committee for Capital for Kids, and has served in that position since 2005. Ms. Gogel is Board member and Chair of the Investment Committee for Booker T. Washington School for the Performing and Visual Arts, and has served in that position since 2015. Ms. Gogel earned a Bachelor of Arts degree with High Honors from The University of Texas at Austin.

Ray Kembel – Independent Director & Member of Audit Committee

Ray Kembel is a tenured finance executive with a broad knowledge of real estate and credit finance. He is currently an Executive Vice President with Oakwood Bank in Texas. Prior to joining Oakwood Bank, Ray helped develop the Dallas commercial banking platform for Green Bancorp, Inc. (NASDAQ: GNBC). Ray previously spent 10 years with Staubach Capital Partners, a private equity group under The Staubach Company umbrella, acquired by JLL (NYSE: JLL). He began his career with Bank of America (NYSE: BAC). Ray holds a BBA degree from The University of Texas at San Antonio and an MBA from The University of Dallas.

C. Clark Webb – Director & Member of Audit Committee

C. Clark Webb has served as a director since October 2017. Mr. Webb is the Co-CEO and a Director of P10 Holdings, Inc. He is also the co-founder and principal of 210 Capital, LLC. Additionally, Mr. Webb serves as the Chairman of the Board of Elah Holdings, Inc. and Chairman of the Board of Collaborative Imaging LLC. Previously, Mr. Webb was Founder and Managing Member of P10 Capital Management, Co-Portfolio Manager of the Lafayette Street Fund, and a Partner at Select Equity Group, L.P. Mr. Webb holds a B.A. from Princeton University.

Board Compensation

The non-executive members of the Board of Directors each receive $3,750 per quarter for their service on the Board of Directors. The Chairman of the Board receives and an additional $900 per quarter and the Chairman of the Audit Committee receives an additional $600 per quarter.

The following table discloses compensation received by the Company's Chief Executive Officer and Chief Financial Officer, for the fiscal year 2020.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Option Awards (Fair Value $)	All Other Compensation ($)	Total ($)
Eric Donnelly, Chief Executive Officer	2020	$350,000	N/A	$405,900	N/A	$755,900
Farzana Giga, Chief Financial Office	2020	$300,000	N/A	$405,900	N/A	$705,900

A. Legal/Disciplinary History.

None of the persons listed in Item 11.A above have, in the last five years, been the subject of: (1) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); (2) the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business,

securities, commodities, or banking activities; (3) a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or (4) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities

B. Disclosure of Family Relationships.

There are no family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers or beneficial owners of more than five percent (5%) of any class of the issuer's equity securities.

C. Disclosure of Related Party Transactions

The Company also leases office space in Dallas, Texas on a month to month basis from Southwest Federated, Inc., a related party through common ownership for $4,500 per month.

Copy participations from audit upon completion

D. Disclosure of Conflicts of Interest.

Not Applicable

Item 12 Financial information for the issuer's most recent fiscal period.

The Company has provided the following financial statements for the most recent fiscal year ending October 31, 2020 which are attached hereto as Exhibit A and are hereby incorporated by reference:

- Consolidated Balance Sheet
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

Item 13 Similar financing information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

The Company has provided the following financial statements for the two most recent fiscal years ending October 31, 2020 and October 31, 2019 ("Fiscal 2020"), and ("Fiscal 2019"):

- Report of Independent Public Accounting Firm
- Consolidated Balance Sheet
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

These are published as Exhibit A to "Annual Reports" for each of Fiscal 2020 and Fiscal 2019 and filed through the OTC Disclosure and News Service, available at www.otcmarkets.com, and are hereby incorporated by reference.

Item 14 Beneficial Owners and Control Person

Shareholder	Beneficial Holder	Address	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Number of Shares	Class of Shares
EDUCM, Inc	Eric Donnelly	Dallas, TX	CEO & Director	532,838	Common
Giga Investments, LLC	Farzana Giga	Frisco, TX	CFO & Director	432,931	Common
210/CRDS Investment	Robert Alpert/Clark Webb	Dallas, TX	Chairman of the Board	1,492,284	Common
Westchester Standard, LLC	Farzana Giga	Dallas, TX	Owner of more than 5%; Managed by Farzana Giga	557,225	Common
Charles A Vose III		Dallas, TX	Owner of more than 5%	299,722	Common
Mark Crockett		Fort Worth, TX	Owner of more than 5%	466,233	Common

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development, and disclosure:

Securities Counsel

Name: Claudia Dubon
Firm: Olshan Frome Wolosky LLP
Address 1: 1325 Avenue of the Americas
Address 2: New York, NY 10019
Phone: (212) 451-2300
Email: info@olshanlaw.com

Auditor

Name: Bridget M. Quin
Firm: Baker Tilly Virchow Krause LLP
Address 1: 9 Wood Avenue South, Suite 801,
Address 2: Iselin, NJ 08830-2734
Phone: (848) 467-3909
Email: info@bakertilly.com

Investor Relations Consultant

Name: Tom Colton and Matt Glover
Firm: Gateway Investor Relations
Address 1: 4685 MacArthur Court, Suite 400
Address 2: Newport Beach, CA 92660
Phone: (949) 574-3860
Email: crss@gatewayir.com

Item 16 Management's Discussion and Analysis or Plan of Operation.

Item 16 Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion provides information and analysis of the Company's results of operations and its liquidity and capital resources and should be read in conjunction with the Company's Consolidated Financial Statements and the other financial information included in Exhibit A and elsewhere in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of any number of factors.

The Company's operating and reporting period is on a fiscal year ending on October 31.

Fiscal 2020 Financial Overview & Results of Operations

	For the Twelve Months Ended		Increase/(Decrease)	
	October 31, 2020	October 31, 2019	$	%
REVENUES				
Interest income	$ 12,633,818	$ 11,986,113	$ 647,705	5.4%
Property sales	23,461,898	25,330,557	(1,868,659)	-7.4%
Other revenue	538,876	387,264	151,612	39.1%
Total revenues	36,634,592	37,703,935	(1,069,343)	-2.8%
COSTS AND EXPENSES				
Interest expense	5,712,138	6,343,947	(631,809)	-10.0%
Cost of properties sold	20,297,457	21,138,085	(840,628)	-4.0%
General and administrative	2,027,776	1,962,626	65,150	3.3%
Salaries and wages	2,839,113	2,788,032	51,081	1.8%
Total costs and expenses	30,876,484	32,232,690	(1,356,206)	-4.2%
Income from operations	5,758,108	5,471,245	286,863	5.2%
OTHER EXPENSES				
Interest expense	(734,005)	(1,110,230)	376,225	-33.9%
Total other expenses	(734,005)	(1,110,230)	376,225	-33.9%
Income before income tax provision	5,024,103	4,361,015	663,088	15.2%
INCOME TAX PROVISION	(1,377,572)	(1,990,988)	613,416	-30.8%
NET INCOME	3,646,531	2,370,027	1,276,504	53.9%
Less: net income attributable to non-controlling interests	(630,000)	(617,582)	(12,418)	2.0%
NET INCOME ATTRIBUTABLE TO CONTROLLING INTERESTS	$ 3,016,531	$ 1,752,445	$ 1,264,086	72.1%
Earnings (loss) per share:				
Cash income attributable to common shareholders	4,394,103	3,743,433	650,670	17.4%
Weighted average shaes outstanding	5,971,994	5,971,994	-	0.0%
Cash income per share	$ 0.74	$ 0.63	$ 0.11	17.4%

Operations

Total revenue from operations for the fiscal year ended October 31, 2020 was $36.6 million compared to $37.7 million for the same period of 2019. The 2.8% decrease in revenue was the result of lower unit sales of homes during the pandemic which had much of the state under a Shelter in Place order for the key spring selling months. Net operating income before taxes and minority interest for the fiscal year ended October 31, 2020 was $5.0 million compared to $4.4 million for the same period of 2019.

Net Earnings Per Share

Net earnings per share from operations before taxes and after minority interests for the year ended October 31, 2020 was $0.74 compared to $0.63 for the fiscal year ended October 31, 2019 representing an increase of 17.4% year over year.

Gross Sales

Gross income from the sale of recently rehabilitated homes was $23.5 million for the year ended October 31, 2020 compared to $25.3 million for the year ended October 31, 2019. The decrease in gross sales was the result of lower unit sales during the pandemic which were offset by higher sales prices for the fiscal year ended October 31, 2020.

Interest income generated from the Company's mortgage note receivable portfolio increased to $12.6 million for the year ended October 31, 2020 compared to $12.0 million for the year ended October 31, 2019. The increase was the result of growth in the total mortgage note receivable portfolio during the year. The company also provided forbearance agreements to 234 borrowers as a result of the pandemic which impacted interest income by approximately $412,000.

Cost of Goods Sold

The cost of goods sold related to the sale of homes decreased by 4% to $20.3 million for the fiscal year ended October 31, 2020 from $21.1 million for the fiscal year ended October 31, 2019. The decrease was the result of fewer home sales and costs on those homes during fiscal year 2020.

Cost of goods sold includes all the direct costs of the inventory sold as well as the costs related to the rehabilitation of the homes sold. In addition, cost of goods sold includes carrying costs of all the properties sold and inventory on hand.

The second component of cost of goods sold is the interest expense on the mortgage note receivable portfolio. The interest expense related to the portfolio income was $5.7 million for the year ended October 31, 2020 compared to $6.3 million for the year ended October 31, 2019. The decrease in interest expense was the result of the Federal Reserve Board lowering interest which translated to lower rates from the Company's lenders on its debt portfolio.

Operating Expenses

Total operating expenses increased approximately $116,000 from $4.8 million from the fiscal year ended October 31, 2019 to $4.9 million for the year ended October 31, 2020. Operating expenses as a percentage of total revenues increased from 12.6% for the fiscal year ended October 31, 2019 to 13.2% for the fiscal year ended October 31, 2020. The increase in operating expenses was primarily due to the granting of stock options to the employees and legal fees related to the FSB Rice Bankshares pending acquisition. The stock option expense is not a cash expense.

Operating expenses consist primarily of the following: compensation, sales and marketing, technology, legal, professional fees, insurance, and other operating expenses.

Other Income/Expense

The other interest expense relates to interest from acquisition debt. Total other interest expenses decreased $376,000 from the October 31, 2019 fiscal year-end to the October 31, 2020 fiscal year-end due to a declining interest rate and lower debt balance. The total debt repayment of the acquisition debt for the fiscal year was $1.8 million.

Liquidity and Capital Resources

We define liquidity as our ability to generate sufficient cash to fund current loan demand at the subsidiary level and to operate on an ongoing basis. Our liquidity requirements are met primarily through cash flow from operations, receipt of pre-paid and maturing balances in our loan portfolios, debt financing, and preferred equity investments.

As of October 31, 2020, Capital Plus Financial had lines of credit available with its current banking partners in excess of $13 million. We continue to monitor our financings need ahead of our bank acquisition. In the event, our bank acquisition is not completed, we will add additional liquidity.

The Company also offers a Preferred Equity instrument to its bank partners which is considered a qualified investment under the Community Reinvestment Act ("CRA") investment test for banks. Banks purchase units of the preferred investment which generates cash for the Company and provides banks with an "innovative" investment, providing a more favorable CRA assessment from their regulators.

Working Capital

Mortgage Note Portfolio

The mortgage note portfolio consists of $128.8 million of long term fixed, amortizing single-family residential mortgages in the Dallas/Fort Worth, Houston, and San Antonio markets. The Company provides a mortgage for the purchase of a property with an equity down payment from the potential buyer. Our mortgage portfolio is comprised of first-time home buyers, and in over 60% of the cases, first-time credit recipients. We believe the risk associated with these borrowers is mitigated by their history of debt aversion. Plainly said, those who have shown the financial discipline to operate without debt should be rewarded and not punished as is often the case with a zero credit score borrower attempting to qualify for a mortgage. Each borrower is manually underwritten, and all are given the opportunity to demonstrably prove their ability to repay. A 43% debt to income ("DTI") ratio is the maximum ratio for approved mortgages, but the average back-end DTI ratio in our portfolio is 29.5%, further reinforcing the quality of our borrowers. All mortgages are originated in house and are Qualified Mortgages (QM). Our weighted average rate on the portfolio was 10.44% at October 31, 2020.

The Company has a default rate below 3% per year and when it does take a property back into inventory, it is able to put it back into its rehab cycle and resell it. Given its ability to rehab and resell the properties at a profit, the Company has determined a reserve for delinquent and defaulted mortgages is not necessary as of October 31, 2020.

As of October 31, 2020, the Company had a mortgage note receivable balance of $128.8 million compared to $116.9 million as of October 31, 2019.

Inventory

Inventory consists of properties that are currently undergoing remodeling or are being held for sale. Inventory includes the initial costs of acquiring the property, remodeling costs, real estate taxes and other direct costs incurred while remodeling the property. All indirect overheard costs, such as compensation of sales personnel, management and advertising costs are charged to salaries and wages or other general and administrative expenses as incurred.

The initial direct costs to acquire properties and remodeling costs account for approximately 92% of cost of properties sold in the consolidated statement of operations for the year ended October 31, 2020. As of October 31, 2020, 92 properties were being remodeled and 16 were completed and held for sale. Generally, the Company holds properties in inventory from acquisition to resale for 3 to 4 months.

The Company regularly evaluates inventories that are slow-moving or incurring costs in excess of budgeted costs. The Company determined a reserve for slow-moving inventory was not necessary as of October 31, 2019.

As of October 31, 2020, gross inventory was $10.5 million compared to $11.8 million as of October 31, 2019, a decrease of $1.3 million or 11%. The decrease in inventory as of October 31, 2020 compared to October 31, 2019 is the result of lower inventory on hand. However, the company is starting to increase inventory to get homes ready for the upcoming Spring season of 2021.

Revolving Credit Facility

The Company has a revolving line of credit for the acquisition of properties and another for its mortgage loans. The outstanding balance on the inventory line at October 31, 2020 was $7.2 million compared to $9.3 million at October 31, 2019. The decrease in outstanding balance is the result of decreasing inventories. In addition, the Company has two lines totaling $3.0 million for new housing development projects. The outstanding balance on these facilities was $1.7 million.

The outstanding balance on the mortgage loan revolving credit facility was $37.5 million as of October 31, 2020, compared to $45.4 million as of October 31, 2019. The Company transferred $10 million of loans from the revolving line of credit to a new term facility to make capacity available on the revolving line credit facility for new loan production.

Cash Flows Provided by Operations

Continuing Operations

Net cash used by operating activities during the year ended October 31, 2020 was $1.0 million compared to $14.3 million of net cash used for the year ended October 31, 2019. The main driver of cash usage was the generation of new loans and increased inventories.

Cash Flows Used in Investing and Financing Activities

Net cash provided by financing activities during the year ended October 31, 2020 was $1.9 million compared to $13.7million for the year ended October 31, 2019.

There are no known trends, events, or uncertainties that have or are reasonably like to have a material impact on the company's short-term or long-term liquidity. The internal sources of liquidity are profits generated from the company's operating subsidiary, Capital Plus Financial, and its external sources of liquidity remain debt and equity from banking institutions that assist in the institutions compliance with the Community Reinvestment Act (CRA). The company has no material commitments for capital expenditures and the expected source of funds for such expenditures. There are no known trends, events, or uncertainties that had had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. There are no significant elements of income or loss that do not arise from the company's continuing operations. There are also no causes for any material changes from period to period in one or more line items on the company's financial statements nor are the seasonal aspects that had a material effect on the financial condition of the results of operations.

C. **Off-Balance Sheet Arrangements.**
NA

Part E **Issuance History**

Item 17 **List of securities offerings and shares issued for services in the past two years.**

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of October 31, 2017	Opening Balance: Common: 3,014,726 Preferred: 0								
Date of Transaction	**Transaction type (e.g. new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
Dec 2017	New Issuance	532,838	Common	$0.38	Y	EDUCM, Inc (Eric Donnelly)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	432,931	Common	$0.38	Y	Giga Investments, LLC (Farzana Giga)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	399,629	Common	$0.38	Y	Southwest Federated (Charles A. Vose)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	299,722	Common	$0.38	Y	Charles A. Vose)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	557,255	Common	$0.38	Y	Westchester Standard, LLC, (Farzana Giga)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	466,233	Common	$0.38	Y	Mark Crockett	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	177,702	Common	$0.38	Y	CC Texas Realty (Neil Clements)	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	44,359	Common	$0.38	Y	Luke Hammond	Acquisition of Capital Plus	Restricted	Non registered
Dec 2017	New Issuance	44,359	Common	$0.38	Y	Chad Cole	Acquisition of Capital Plus	Restricted	Non registered
June 2018	New Issuance	957	Common	3.92	N	Individual	Board Compensation	Unrestricted	Non registered
June 2018	New Issuance	1,283	Common	7.79	N	Individuals	Board Compensation	Unrestricted	Non registered
Shares Outstanding on October 31, 2020	Ending Balance: Common: 5,971,994 Preferred: 0								

B. List below and describe any issuance of Promissory Notes, Convertible Notes, or Convertible Debentures. In responding to this item, please provide the date of execution of the Note or the Agreement, a description of the reason for the issuance, the outstanding balance, and any interest accrued. Provide the maturity dates for each Note or Agreement, their conversion terms, names of beneficial owners or holders and the exact class of security such Notes or Agreement may be converted to. Also, specify if the Note is Secured or Unsecured and whether or not it is in Default.

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)	Security Pledged	Default Status
Dec 2017	$11,020,327	$22,000,000	$18,479	Dec 2024	N/A	Veritex Bank	Acquisition	Stock of Crossroads not already secured	See Status Below (a)
Dec 2017	$2,199,377	$2,200,000	$1,714	Dec 2021	N/A	CrossFirst Bank	Acquisition	Cash secured	In compliance with all loan covenants

(a) The Company is required to comply with certain financial and non-financial covenants under the Veritex Note. The Company was not in compliance with the problem asset measurement ratio as of October 31, 2020 due to COVID19 affecting various county government's ability to process foreclosures timely. The Problem Asset Measurement Ratio is the ratio of notes receivable past due 30 days plus initial inventory acquisition costs aged over 270 days to total notes receivable plus initial inventory acquisition costs. The Company is required to maintain a quarterly Problem Asset Measurement Ratio no greater than 5.00% with the ratio as of October 31, 2020 at 5.89%. The Company has the capability of curing the non-compliance through the liquidation of the notes receivable held up in the foreclosure process due to COVID-19, and accordingly, has determined that the non-compliance is not representative of a continued default for financial reporting purposes.

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item 18 Material Contracts.

A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through www.OTCIQ.com or was entered into not more than two years before such posting. Also include the following contracts:

NA

Item 19 Articles of Incorporation and Bylaws.

A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

Refer to the website.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item 20 with respect to any purchase made by or on behalf of the issuer or any "Affiliated Purchaser" (as defined in paragraph (C) of this Item 20) of shares or other units of any class of the issuer's equity securities.

NA

Item 21 Issuer's Certifications.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Eric Donnelly, certify that:

1. I have reviewed this Annual Disclosure Statement of Crossroads Systems, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.



Eric Donnelly
Chief Executive Officer

Date: January 28, 2021

Principal Financial Officer:

I, Farzana Giga, certify that:

1. I have reviewed this Annual Disclosure Statement of Crossroads Systems, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.



Farzana Giga
Chief Financial Officer

Date: January 28, 2021

EXHIBIT A