



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**CROSSROADS FOR WOMEN  
INDEPENDENT AUDITOR'S  
REPORT AND FINANCIAL  
STATEMENTS**

**For the Year Ended June 30, 2020**



**Crossroads for Women**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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**Crossroads for Women**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**As of June 30, 2020**

**BOARD OF DIRECTORS**

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|                               |   |
|-------------------------------|---|
| Elizabeth V. McGrath, Esquire | President                               |
| James L. Hartogensis          | Treasurer                               |
| Barron Jones                  | Vice Chair and<br>Secretary (temporary) |
| Joanne Jennings West          | Director                                |
| Queva Hubbard                 | Director                                |
| Sarah Jacobs                  | Director                                |
| Marsha Dixon                  | Director                                |
| Nicole Villareal              | Director                                |

**ADMINISTRATIVE PERSONNEL**

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|                        |                         |
|------------------------|-------------------------|
| Cory Lee               | Executive Director      |
| LaNika Bullington, MBA | Chief Financial Officer |

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Crossroads for Women  
Albuquerque, New Mexico

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

We have audited the accompanying financial statements of Crossroads for Women (Crossroads) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of Crossroads' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crossroads' internal control over financial reporting and compliance.



Hinkle + Landers, P.C.

Albuquerque, NM

October 26, 2020

**CROSSROADS FOR WOMEN**  
**Statement of Financial Position**  
**As of June 30, 2020**

|   | <u>Note</u> | <u>2020</u>         |
|---|-------------|---------------------|
| <b>ASSETS</b>                                 |             |                     |
| <b>Current Assets</b>                         |             |                     |
| Cash and cash equivalents                     | 3           | \$ 450,929          |
| Restricted cash                               | 3           | 58,080              |
| Contributions receivable                      |             | 1,667               |
| Contracts and other receivables               |             | 305,088             |
| Prepaid expenses                              |             | 19,717              |
| Investments, at fair value                    | 4           | 398,677             |
| Total current assets                          |             | <u>1,234,158</u>    |
| <b>Non-Current Assets</b>                     |             |                     |
| Property and equipment, net of accum. deprec. | 6           | 8,215               |
| Total non-current assets                      |             | <u>8,215</u>        |
| <b>Total Assets</b>                           |             | <u>\$ 1,242,373</u> |
| <b>LIABILITIES AND NET ASSETS</b>             |             |                     |
| <b>Current Liabilities</b>                    |             |                     |
| Accounts payable                              |             | \$ 28,397           |
| Payroll Protection Program payable            | 9           | 226,314             |
| Accrued expenses                              | 7           | 130,684             |
| Funds held for others                         |             | 58,080              |
| <b>Total Current Liabilities</b>              |             | <u>443,475</u>      |
| <b>Net Assets</b>                             |             |                     |
| Without donor restrictions                    |             | 744,299             |
| With donor restrictions:                      | 10          | 54,599              |
| <b>Total Net Assets</b>                       |             | <u>798,898</u>      |
| <b>Total Liabilities and Net Assets</b>       |             | <u>\$ 1,242,373</u> |

See independent auditor's report.  
The accompanying notes are an integral part of the financial statements

**CROSSROADS FOR WOMEN**  
**Statement of Activities**  
**For The Year Ended June 30, 2020**

|                                      | 2020                             |                               |                  |
|--------------------------------------|----------------------------------|-------------------------------|------------------|
|                                      | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total            |
| <b>Revenue and Support</b>           |                                  |                               |                  |
| Contracts                            | \$ 1,907,853                     | -                             | 1,907,853        |
| Contributions and grants             | 133,807                          | 67,333                        | 201,140          |
| Government grant (COVID)             | 91,833                           | -                             | 91,833           |
| Medicaid reimbursements              | 71,521                           | -                             | 71,521           |
| Federal income                       | 51,472                           | -                             | 51,472           |
| In-kind contributions                | 59,300                           | -                             | 59,300           |
| Investment income                    | 120                              | -                             | 120              |
| Other                                | 3,049                            | -                             | 3,049            |
| Net assets released from restriction | 31,667                           | (31,667)                      | -                |
| <b>Total Revenues and Support</b>    | <u>2,350,622</u>                 | <u>35,666</u>                 | <u>2,386,288</u> |
| <b>Expenses</b>                      |                                  |                               |                  |
| Program services                     | 2,143,971                        | -                             | 2,143,971        |
| Supporting services                  |                                  |                               |                  |
| Management and general               | 206,437                          | -                             | 206,437          |
| Fundraising                          | 117,425                          | -                             | 117,425          |
| Total supporting services            | <u>323,862</u>                   | <u>-</u>                      | <u>323,862</u>   |
| <b>Total Expenses</b>                | <u>2,467,833</u>                 | <u>-</u>                      | <u>2,467,833</u> |
| Change in net assets                 | (117,211)                        | 35,666                        | (81,545)         |
| Net assets, beginning of year        | 861,510                          | 18,933                        | 880,443          |
| Net assets, end of year              | <u>\$ 744,299</u>                | <u>54,599</u>                 | <u>798,898</u>   |

See independent auditor's report.  
The accompanying notes are an integral part of the financial statements



**CROSSROADS FOR WOMEN**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2020**

|                                    | 2020         |                           |             |           |
|------------------------------------|--------------|---------------------------|-------------|-----------|
|                                    | Program      | Management<br>and General | Fundraising | Total     |
| Salaries and wages                 | \$ 1,322,773 | 121,755                   | 58,623      | 1,503,151 |
| Payroll taxes                      | 116,430      | 10,585                    | 5,292       | 132,307   |
| Employee benefits                  | 122,749      | 11,996                    | 4,743       | 139,488   |
| Total personnel costs              | 1,561,952    | 144,336                   | 68,658      | 1,774,946 |
| Client housing and support         | 151,965      | 917                       | -           | 152,882   |
| Telephone and utilities            | 80,235       | 5,177                     | 863         | 86,275    |
| Contract labor                     | 65,150       | 4,154                     | 840         | 70,144    |
| Program                            | 41,744       | 7,260                     | 11,495      | 60,499    |
| In-kind goods                      | 50,998       | -                         | 8,302       | 59,300    |
| Occupancy                          | 46,800       | 10,800                    | 1,200       | 58,800    |
| Insurance                          | 35,241       | 6,793                     | 425         | 42,459    |
| Information technology             | 35,317       | 1,164                     | 2,329       | 38,810    |
| Professional fees                  | 5,161        | 16,079                    | 10,139      | 31,379    |
| Repairs and maintenance            | 15,019       | 1,644                     | 267         | 16,930    |
| Travel                             | 15,698       | 127                       | 32          | 15,857    |
| Training                           | 14,023       | 143                       | 143         | 14,309    |
| Dues and subscriptions             | 3,379        | 3,082                     | 6,339       | 12,800    |
| Printing and copying               | 7,819        | 1,169                     | 786         | 9,774     |
| Miscellaneous                      | 4,363        | 86                        | -           | 4,449     |
| Fundraising                        | -            | -                         | 3,641       | 3,641     |
| Supplies                           | 2,426        | 1,043                     | 165         | 3,634     |
| Storage                            | 2,712        | -                         | 119         | 2,831     |
| Security                           | 1,956        | -                         | -           | 1,956     |
| Postage and shipping               | 553          | 368                       | 1,034       | 1,955     |
| Total expenses before depreciation | 2,142,510    | 204,343                   | 116,777     | 2,463,630 |
| Depreciation                       | 1,461        | 2,094                     | 648         | 4,203     |
| Total expenses                     | \$ 2,143,971 | 206,437                   | 117,425     | 2,467,833 |

See independent auditor's report.  
The accompanying notes are an integral part of the financial statements

**CROSSROADS FOR WOMEN**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2020**

|   | <u>2020</u>                |
|---|----------------------------|
| <b>Cash Flow From Operating Activities</b>  |                            |
| Cash received from contracts  | \$ 1,913,347               |
| Cash received from contributions and grants   | 291,619                    |
| Investment income   | 120                        |
| Other cash receipts   | 3,049                      |
| Cash paid to employees and suppliers  | <u>(2,318,632)</u>         |
| <b>Net cash provided (used) by operating activities</b>   | <u>(110,497)</u>           |
| <b>Cash Flows From Investing Activities</b>   |                            |
| Proceeds from the sale of investments   | 109,915                    |
| Proceeds from line of credits   | 85,000                     |
| Payments  | <u>(85,000)</u>            |
| <b>Net cash provided (used) by investing activities</b>   | <u>109,915</u>             |
| <b>Cash Flows From Financing Activities</b>   |                            |
| Proceeds from Payroll Protection Program loan   | 318,147                    |
| Payroll Protection Program loan reclassified as revenue   | <u>(91,833)</u>            |
| <b>Net cash provided (used) by financing activities</b>   | <u>226,314</u>             |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <u>225,732</u>             |
| Cash, restricted cash and cash equivalents, beginning of year   | <u>283,277</u>             |
| Cash, restricted and cash equivalents, end of year  | <u><u>\$ 509,009</u></u>   |
| <b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities</b>         |                            |
| Change in net assets  | \$ (81,545)                |
| <b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b> |                            |
| Depreciation/amortization   | 4,203                      |
| Net unrealized (gain)/loss on investments   | -                          |
| Changes in assets and liabilities:  |                            |
| Contracts receivable  | (117,499)                  |
| Pledges receivable  | (1,354)                    |
| Other receivables   |                            |
| Prepaid expenses  | (17,570)                   |
| Client trust deposits   | 42,382                     |
| Deposits  | -                          |
| Accounts payable  | 17,404                     |
| Accrued compensated absences  | <u>43,482</u>              |
| Total adjustments   | <u>(28,952)</u>            |
| <b>Net cash provided (used) by operating activities</b>   | <u><u>\$ (110,497)</u></u> |
| <b>Supplementary Noncash Disclosure</b>   |                            |
| Donated goods   | <u><u>\$ 59,300</u></u>    |

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**1. ORGANIZATION**

Crossroads for Women (Crossroads) is a New Mexico nonprofit corporation established in 1997. The mission of Crossroads is to provide comprehensive, integrated services to empower women emerging from incarceration to achieve safe, healthy, and fulfilling lives in the community, for themselves and their children. The main sources of revenue and support for Crossroads are from contracts, grants, and contributions from government entities as well as from the general public.

Crossroads provides housing and trauma-responsive therapeutic services with a gender-specific approach for women across seven domains: housing, mental health, recovery, physical health/dental, independent living, vocational, and family/parenting. Collectively, these domains provide a continuum of care from incarceration and homelessness to success in community life.

In partnership with the UNM Pathways Navigator program, Crossroads provides outreach and service coordination for women who are living on the streets or in emergency shelters. Navigators connect women with health care, housing, education, employment and legal resources and then follow their progress towards stabilization.

Crossroads maintains three therapeutic communities serving women transitioning out of homelessness or incarceration:

- Maya's Place (located in Southeast Albuquerque) and the Pavilions (located in Los Lunas) are transitional housing programs with 26 beds offering safe, structured living for women emerging from incarceration.
- The Bernalillo County Community Connections Housing Program offers permanent supportive housing to homeless women with co-occurring disorders. Women are placed in safe apartments and homes in Albuquerque while receiving wrap-around services, including case management, family support, vocational services, and groups focused on recovery and mental health.

All of the therapeutic communities offer programming to address addiction, trauma, and mental illness, as well as life skills education, group therapy, parenting, vocational training, holistic health services and community activities. Program rules and a graduate, goal driven level system create close supervision and structure early in the program with increased independence as successful participation continues.

After-care services and Peer-on-Peer Support Services (POPSS) support graduates of all of the programs in maintaining their stability through individual services. This includes assistance in maintaining employment, accessing resources in the community, working with government agencies and the criminal justice system, and responding to emergent needs where possible.

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions are defined as follows:

Net Assets Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The organizations' Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

The undesignated net assets represent the investment in undesignated assets and amounts invested in property and equipment, less accumulated depreciation and amortization and any related debt.

Net Assets With Donor Restrictions—Temporary in Nature— Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. Net assets with restrictions perpetual in nature result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organizations. See Net Assets with Donor Restrictions Note 10.

Net Assets With Donor Restrictions—Perpetual in Nature— Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organizations. During the year, Crossroads did not have any contributions with donor restrictions that were perpetual.

**Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Crossroads considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash, restricted cash and cash equivalents includes interest-bearing instruments with maturities at the date of purchase of three months or less. Cash held for investment purposes is included in investments. Crossroads maintains deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

**Restricted Cash and Funds Held for Others**

Crossroads acts as a custodian for client funds which are held in a separate bank account. These amounts are reported as restricted cash in the statement of net position. Crossroads also reports this deposit amount as a liability in the statement of net position, representing the amounts held on behalf of its clients.

**Investments**

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Quoted market prices, when available, are used to value investments. Purchases and sales of securities are recorded on a trade-date basis. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized. Investments are classified based on their original maturities.

Investments with original maturities of less than 12 months are classified as short-term investments even if the purpose of the investments are for long-term reserve or other purposes. There are no lock up provisions or external restrictions or pledges against these investments.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Contracts, Contributions and Other Receivables**

Contracts, contributions and other receivables are stated at unpaid balances, less an allowance for uncollectible receivables, if applicable. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and situations that may affect the ability of the funding agencies and contributors to pay. There was no allowance for uncollectible receivables as of June 30, 2020. Receivables are charged off in the period in which management determines the receivable is uncollectible.

**Property, Equipment and Depreciation**

Purchased property and equipment are stated at cost. Property and equipment that are received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as revenue and net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as revenue and net assets with donor restrictions. Absent donor stipulations specifying how long such donated assets or assets constructed or acquired with cash restricted for such acquisition or construction must be used, restrictions on property and equipment, if any, expire when the assets are placed in service.

Purchased or donated property in excess of \$2,500 with an estimated life of greater than one year is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to ten years.

**Revenue Recognition**

In accordance with accounting principles generally accepted in the United States of America, revenue is recorded when earned rather than received. The following summarizes the revenue recognition policies for major classifications of revenue:

- **Contributions**—Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor stipulations that are met in the same year will be initially identified as restricted and then released as shown in Note 10. There may be other donor restricted funds with donor stipulation that are met in the same year in which the contributions are received are classified as revenue and net assets without donor restrictions.
- **Donated Materials and Services**—Donated services and materials are recorded as both revenue and expense in the accompanying statement of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

- **Contract Revenue**—is generally recognized as funds are spent in accordance with contractual provisions. Contracts are generally considered to be exchange transactions.
- **Payroll Protection Program (PPP) Loan Revenue** The loan forgiveness process has a high degree of complexity and uncertainty; Crossroads chose to elect to treat the forgivable PPP loan as a government grant. According with AICPA, *Technical Questions and answers, - Section 3200, Long-term debt*, if an NFP chooses not to follow FASB ASC 470 and it expects to meet the Payroll Protection Program's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, it should account for the loan in accordance with FASB ASC 958-605, Not-for-Profit Entities—Revenue Recognition, as a conditional contribution under which (1) proceeds from the loan are initially recorded as a refundable advance, and (2) the refundable advance is reduced and the contribution is recognized when the conditions of release have been substantially met or explicitly waived. Crossroads considered that the organization met the eligibility and recognized \$91,833 as revenue in FY20 out of \$318,147 original PPP loan. **If conditions are met, the rest of the loan proceeds will be partially or totally recognized as grant revenue in subsequent years.**

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of Crossroads. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, occupancy costs, insurance, and depreciation. Employee benefits and payroll taxes are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services. Occupancy costs, insurance, and depreciation are allocated on the basis of square footage used by the different programs within Crossroads.

**Financial Instruments**

Crossroads financial instruments include cash and cash equivalents, contributions receivable, contracts and other receivables, prepaid expenses, accounts payable and accrued expenses. Crossroads estimates that the fair value of all financial instruments at June 30, 2020 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

**Income Taxes**

Crossroads is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Crossroads has adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. Crossroads has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption. Crossroads income tax

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

filings for the years ended June 30, 2017 and thereafter are subject to audit by various taxing authorities.

**Advertising**

Crossroads expenses advertising costs as they are incurred. For the year ended June 30, 2020, Crossroads incurred no significant advertising expenses.

**Legal Matters**

Crossroads, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

**Contingencies**

Contracts with governmental agencies are subject to compliance audits which may result in disallowed expenses. As of June 30, 2020, there were no claims pending for disallowed expenses. In addition, ongoing governmental contract renewals are subject to governmental budgets and approval, which may change from year to year and could result in a loss of funding.

**Subsequent Events**

Subsequent events were evaluated through October 26, 2020, which is the date the financial statements were available to be issued.

In May 2020, Crossroads was awarded \$250,000 toward a building purchase. The funds will be available in November 2020 are contingent on the purchases. Consequently, this award was not recognized in the financial statements.

Subsequent to June 30, 2020, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have a negative impact the organization's funding sources and cash flow. Other financial impacts could occur though such potential impact is unknown at this time.

**3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

Crossroads' cash balances on the Statement of Financial Position consist of the following at June 30:

| Type                        | 2020              |
|-----------------------------|-------------------|
| Checking                    | \$ 151,844        |
| Clients escrow (restricted) | 58,080            |
| Savings & MM                | 298,135           |
| Petty cash                  | 950               |
| Total                       | <u>\$ 509,009</u> |



**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

At June 30, 2020, Crossroads' investments were comprised of:

| <u>Investments</u>                      |    | <u>2020</u>           |
|---|----|-----------------------|
| Cash held for investment (FDIC insured) | \$ | 349,815               |
| Equity securities                       |    | 10,911                |
| Mutual funds                            |    | 37,951                |
| Total                                   | \$ | <u><u>398,677</u></u> |

The investment account activity in FY 20 was as follows:

|                        |    | <u>2020</u>           |
|------------------------|----|-----------------------|
| Beginning balance      | \$ | 508,688               |
| Change in market value |    | (3,014)               |
| Contributions          |    | 1,029                 |
| Investment income      |    | 2,207                 |
| Distributions/fees     |    | <u>(110,233)</u>      |
| Ending balance         | \$ | <u><u>398,677</u></u> |

Fair value measurements define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements also establish a fair value hierarchy which requires an entity to maximize the use of observable input and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- *Level 1 Inputs* – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- *Level 2 Inputs* – include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3 Inputs* – unobservable inputs which reflect the organization's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Crossroads' investments in mutual funds and equities are measured at fair value on a recurring basis. The fair value of these investments is valued using Level 1 inputs.

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

| Assets at Fair Value |            |
|----------------------|------------|
| Description          | 2020       |
|                      | Level 1    |
| Investments          | \$ 398,677 |

**5. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Crossroads regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. Crossroads is substantially supported by contractual agreements and restricted grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Crossroads must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of Crossroads' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Crossroads can invest cash in excess of daily requirements in short-term investments. Occasionally, if the opportunity arises, the board may designate a portion of any operation surplus to its liquidity reserve.

The following table reflects Crossroads' financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

|  | 2020         |
|--|--------------|
| Financial assets, at year end  |              |
| Cash and cash equivalents  | \$ 450,929   |
| Restricted cash  | 58,080       |
| Investments, at fair value   | 398,677      |
| Contributions receivable   | 1,667        |
| Contracts and other receivables  | 305,088      |
| Less   |              |
| Funds held for others  | (58,080)     |
| Net assets with donor restrictions   | (54,599)     |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,101,762 |

In addition, the organization has a line of credit of \$85,000 available.

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**6. PROPERTY, EQUIPMENT AND DEPRECIATION**

Property and equipment consist of the following at June 30, 2020:

|                               | <u>2019</u>      | <u>Additions</u> | <u>Deletions</u> | <u>2020</u>  |
|-------------------------------|------------------|------------------|------------------|--------------|
| Equipment                     | \$ 49,957        | -                | -                | 49,957       |
| Leasehold improvements        | 2,000            | -                | -                | 2,000        |
| Total property and equipment  | 51,957           | -                | -                | 51,957       |
| Less accumulated depreciation | (39,539)         | (4,203)          | -                | (43,742)     |
| Property and equipment, net   | <u>\$ 12,418</u> | <u>(4,203)</u>   | <u>-</u>         | <u>8,215</u> |

Depreciation expense was \$4,203 in 2020.

**7. ACCRUED EXPENSES**

Accrued expenses consist of the following at June 30, 2020:

|                                    | <u>2020</u>       |
|------------------------------------|-------------------|
| Accrued wages                      | \$ 65,992         |
| Accrued annual leave               | 48,689            |
| Accrued payroll taxes and benefits | 16,003            |
| Total                              | <u>\$ 130,684</u> |

**8. LINE OF CREDIT**

Crossroads has a line of credit with a local bank with a variable interest rate. The rate changes based on the bank's prime rate (index). The interest rate paid during FY 20 was 5.65%.

During 2020, Crossroads used the line of credit and borrowed \$85,000. The balance at the end of June 30, 2020 is \$0.

**9. PAYROLL PROTECTION PROGRAM (PPP) LOAN**

Crossroads applied and received the PPP loan in the amount of \$318,147. Crossroads considered that the organization met the eligibility and recognized \$91,833 as revenue in FY20 out of \$318,147 original PPP loan. If conditions are met, the rest of the loan proceeds will be partially or totally recognized in subsequent years. See Note 2 for revenue recognition.

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2020:

| Type                        | 2019      | Additions | Released | 2020   | Time/Purpose restriction                  |
|-----------------------------|-----------|-----------|----------|--------|---|
| Aftercare                   | \$ 16,753 | -         | (15,349) | 1,404  | Aftercare/POPSS Program                   |
| Scholarships                | 1,105     | 4,999     | (1,972)  | 4,132  | Ongoing client scholarships               |
| Truck maintenance           | 1,000     | -         | (436)    | 564    | Vehicle maintenance ( CRFW Truck)         |
| Holiday food boxes          | 75        | 6,185     | (2,450)  | 3,810  | Holiday food boxes for clients            |
| Hygiene & cleaning supplies | -         | 300       | -        | 300    | Hygiene and cleaning supplies for clients |
| PNMR Foundation             | -         | 10,000    | -        | 10,000 | FY 21 Grant for POPSS Program             |
| Facebook Technology grant   | -         | 7,000     | (15)     | 6,985  | Computer Lab at Pavilions                 |
| Cross New Roads Campaign    | -         | 7,089     | -        | 7,089  | For purchase of van                       |
| Holiday Wishlist            | -         | 360       | -        | 360    | Client gift purchases                     |
| Birthday parties            | -         | 1,400     | (819)    | 581    | Children birthday parties                 |
| United Way grant            | -         | 15,000    | -        | 15,000 | FY 21 Grant for POPSS Program             |
| United Way grant            | -         | 5,000     | (1,000)  | 4,000  | Feeding Families                          |
| Toyota matching grant       | -         | 10,000    | (9,626)  | 374    | Other                                     |
| Total                       | \$ 18,933 | 67,333    | (31,667) | 54,599 |   |

**11. CONCENTRATIONS OF CREDIT, MARKET AND BUSINESS RISK**

Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Geographical Concentration

The Organization's operations are concentrated in the greater Albuquerque metropolitan area in the state of New Mexico.

Concentration from Significant Customers

Substantially all of Crossroads' revenues are from contracts. Concentration of revenue from two customers as a percentage of total revenue is as shown below as of June 30:

|                           | 2020         | %   |
|---------------------------|--------------|-----|
| NM Corrections Department | \$ 1,048,032 | 44% |
| Bernalillo County         | 443,921      | 19% |
| Total                     | \$ 1,491,953 | 63% |
| Total revenue             | \$ 2,386,288 |     |

Concentration of Custodial Credit Risk—Uninsured Cash Balances

Custodial credit risk is the risk that in the event of a bank failure, Crossroads' deposits may not be returned to it. Crossroads does not have a custodial credit risk policy requiring collateral on all deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits. Bank deposits are

**Crossroads for Women**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

insured by the FDIC up to \$250,000 per depositor per institution for interest and noninterest-bearing accounts. As of June 30, 2020, certain Crossroads bank balances were uninsured and uncollateralized by \$268,751.

**12. COMMITMENTS—OPERATING LEASE**

During 2017, Crossroads entered into a noncancelable operating lease for a building for Maya's Place. As of June 30, 2020, future minimum lease payments on the lease is as follows:

| Year Ending June 30: |    | Space (office and clients<br>housing) |
|----------------------|----|---------------------------------------|
| 2021                 | \$ | 88,895                                |
| 2022                 |    | 88,435                                |
| 2023                 |    | 37,150                                |
| 2024                 |    | -                                     |
| 2025                 |    | -                                     |
| Total                | \$ | <u>214,480</u>                        |

Lease expense for Maya's Place was \$85,480 for the year ended June 30, 2020.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Crossroads for Women  
Albuquerque, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Crossroads for Women (Crossroads), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Crossroads’ internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crossroads’ internal control. Accordingly, we do not express an opinion on the effectiveness of Crossroads’ internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies

October 26, 2020

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS, continued**

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may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Crossroads' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hinkle & Landers, P.C.*

Hinkle + Landers, P.C.  
Albuquerque, NM  
October 26, 2020

**CROSSROADS FOR WOMEN  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2020**

**SUMMARY OF FINDINGS**

| <b>Reference<br/>FY-<br/>Finding #</b> | <b>Findings</b> | <b>Status of<br/>Prior Year<br/>Findings</b> | <b>Type of<br/>Finding*</b> |
|--|-----------------|--|-----------------------------|
| <b>Prior Year Findings</b>             |                 |  |                             |
| None                                   |                 |  |                             |
| <b>Current Year Findings</b>           |                 |  |                             |
| None                                   |                 |  |                             |

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting