



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

## **CROSSROADS FOR WOMEN**

### **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2021  
With Comparative Totals for 2020**



**CROSSROADS FOR WOMEN**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021, With Comparative Totals for 2020**

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**CROSSROADS FOR WOMEN**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**As of June 30, 2021**

**ROSTER**

**BOARD OF DIRECTORS**

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Sarah Jacobs, J.D.	President
Queva Hubbard	Vice President
James L. Hartogensis, CPA	Treasurer
Nicole Villareal	Secretary
Joanne Jennings West	Director
Marsha Garcia	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, 2021, 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, 2021, 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.

### **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from Crossroads for Women's June 30, 2020 financial statements. We have previously audited Crossroads' 2020 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated October 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 08, 2021, 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  
November 08, 2021

**CROSSROADS FOR WOMEN**  
**Statement of Financial Position**  
**As of June 30, 2021, With Comparative Totals for 2020**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash, restricted cash, and cash equivalents	3	\$ 375,621	450,929
Restricted cash (clients escrow)	3	20,633	58,080
Contributions receivable		595	1,667
Contracts and other receivables		301,407	305,088
Prepaid expenses		808	19,717
Investments, at fair value	4	252,820	398,677
Total current assets		<u>951,884</u>	<u>1,234,158</u>
<b>Non-Current Assets</b>			
Property and equipment, net of accum. deprec.	7	2,001,082	8,215
Total non-current assets		<u>2,001,082</u>	<u>8,215</u>
<b>Total Assets</b>		<u>\$ 2,952,966</u>	<u>1,242,373</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 30,168	28,397
Payroll Protection Program payable	10	-	226,314
Note payable - building (short-term)	11	17,591	-
Accrued expenses	8	68,488	130,684
Funds held for others		20,633	58,080
Total Current Liabilities		<u>136,880</u>	<u>443,475</u>
<b>Long-Term Liabilities</b>			
Note payable (long-term)	11	652,597	-
Total Long-term Liabilities		<u>652,597</u>	<u>-</u>
<b>Total Liabilities</b>		<u>789,477</u>	<u>443,475</u>
<b>Net Assets</b>			
Without donor restrictions		1,930,808	744,299
With donor restrictions:	12	232,681	54,599
Total Net Assets		<u>2,163,489</u>	<u>798,898</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 2,952,966</u>	<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, 2021, With Comparative Totals for 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support</b>				
Contracts	\$ 1,909,316	-	1,909,316	1,943,284
Capital grants	-	262,000	262,000	7,463
Capital contracts	1,245,000	-	1,245,000	-
Contributions and grants	190,318	85,799	276,117	193,677
Government grants (COVID and PPPL)	236,314	-	236,314	91,833
Medicaid reimbursements	49,796	-	49,796	87,563
In-kind contributions	101,307	-	101,307	59,300
Investment income	13,775	-	13,775	120
Other	16,910	-	16,910	3,048
Gain (loss) on assets disposal	(4,418)	-	(4,418)	-
Net assets released from restriction	169,717	(169,717)	-	-
<b>Total Revenue and Support</b>	<b>3,928,035</b>	<b>178,082</b>	<b>4,106,117</b>	<b>2,386,288</b>
<b>Expenses</b>				
Program services	2,375,754	-	2,375,754	2,143,971
Supporting services				
Management and general	205,191	-	205,191	206,437
Fundraising	160,581	-	160,581	117,425
Total supporting services	365,772	-	365,772	323,862
<b>Total Expenses</b>	<b>2,741,526</b>	<b>-</b>	<b>2,741,526</b>	<b>2,467,833</b>
Change in net assets	1,186,509	178,082	1,364,591	(81,545)
Net assets, beginning of year	744,299	54,599	798,898	880,443
Net assets, end of year	<u>\$ 1,930,808</u>	<u>232,681</u>	<u>2,163,489</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, 2021, With Comparative Totals for 2020**

	2021				2020
	Program	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 1,413,718	109,333	101,657	1,624,708	1,503,151
Payroll taxes	135,481	11,901	10,615	157,997	132,307
Employee benefits	100,406	6,764	6,253	113,423	139,488
Total personnel costs	1,649,605	127,998	118,525	1,896,128	1,774,946
Client housing and support	138,816	-	-	138,816	152,882
Program	102,517	4,563	1,039	108,119	60,499
Telephone and utilities	98,079	5,177	1,555	104,811	86,275
Information technology	91,563	1,164	5,054	97,781	38,810
In-kind goods	97,007	-	-	97,007	59,300
Occupancy	31,905	24,162	1,600	57,667	58,800
Repairs and maintenance	49,970	1,644	14	51,628	16,930
Insurance	44,160	6,793	161	51,114	42,459
Professional fees	12,986	1,321	10,960	25,267	31,379
Supplies	15,324	1,043	395	16,762	3,634
Printing and copying	8,022	1,169	2,577	11,768	9,774
Fundraising	-	-	11,043	11,043	3,641
Travel	9,738	127	146	10,011	15,857
Dues and subscriptions	1,774	3,082	5,018	9,874	12,800
Contract labor	3,614	4,154	1,284	9,052	70,144
Training	7,727	143	76	7,946	14,309
Security	5,203	-	-	5,203	1,956
Miscellaneous	4,472	86	572	5,130	4,449
Moving expense	-	4,449	-	4,449	-
Storage	2,592	-	-	2,592	2,831
Postage and shipping	681	368	562	1,611	1,955
Total expenses before depreciation	2,375,754	187,444	160,581	2,723,779	2,463,630
Depreciation	-	17,747	-	17,747	4,203
Total expenses	\$ 2,375,754	205,191	160,581	2,741,526	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, 2021, With Comparative Totals for 2020**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Cash received from contracts	\$ 1,962,793	1,913,348
Cash received from contributions and grants	287,189	192,323
Investment income	13,775	120
Other cash receipts	16,910	3,048
Cash paid to employees and suppliers	(2,705,736)	(2,318,632)
<b>Net cash provided (used) by operating activities</b>	<u>(425,069)</u>	<u>(209,793)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from the sale of investments	410,000	109,915
Purchase of investments	(264,142)	-
Proceeds from line of credit	-	85,000
Payment of line of credit	-	(85,000)
<b>Net cash provided (used) by investing activities</b>	<u>145,858</u>	<u>109,915</u>
<b>Cash Flows From Financing Activities</b>		
Note payable proceeds	1,230,000	-
Note payable payments	(559,812)	-
Capital grants and contracts	1,507,000	7,463
Building and land purchase	(2,010,732)	-
Proceeds from Payroll Protection Program loan	-	318,147
<b>Net cash provided (used) by financing activities</b>	<u>166,456</u>	<u>325,610</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(112,755)	225,732
Cash, restricted cash and cash equivalents, beginning of year	<u>509,009</u>	<u>283,277</u>
Cash, restricted and cash equivalents, end of year	\$ <u><u>396,254</u></u>	<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	\$ 1,364,591	(81,545)
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation/amortization	17,746	4,203
Net (gain)/loss on asset disposal	4,418	-
Adjustment for capitalized donation	(4,300)	-
Adjustment for capital grants and contracts	(1,507,000)	(7,463)
Changes in assets and liabilities:		
Contracts receivable	3,681	(117,499)
Pledges receivable	1,072	(1,354)
Prepaid expenses	18,909	(17,570)
Client trust deposits	(37,447)	42,382
Accounts payable	1,771	17,404
PPP loan payable	(226,314)	(91,833)
Accrued expenses	(62,196)	43,482
Total adjustments	<u>(1,789,660)</u>	<u>(128,248)</u>
<b>Net cash provided (used) by operating activities</b>	\$ <u><u>(425,069)</u></u>	<u><u>(209,793)</u></u>
<b>Supplementary Noncash Disclosure</b>		
Donated vehicles	\$ 4,300	-
Donated goods	97,007	59,300
	\$ <u><u>101,307</u></u>	<u><u>59,300</u></u>

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

**CROSSROADS FOR WOMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021, With Comparative Totals for 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, 2021, With Comparative Totals for 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. These 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 organization's 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 organization. See Net Assets with Donor Restrictions Note 12.

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 organization. During the year, Crossroads did not have any contributions with donor restrictions that were perpetual.

**CROSSROADS FOR WOMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021, With Comparative Totals for 2020**

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

**Cash, Restricted 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.

**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 financial position. Crossroads also reports this deposit amount as a liability in the statement of financial 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 is 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,

**CROSSROADS FOR WOMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021, With Comparative Totals for 2020**

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.

**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, 2021 or for 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**

Crossroads has adopted ASC 606 “Revenue from Contracts with Customers” and ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” in accordance with accounting principles generally accepted in the United States of America.

The following summarizes the revenue recognition policies for major classifications of revenue:

- **Grants and Contributions**—Grants and contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Grants and 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

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restrictions. Grants and 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 12). There may be other donor restricted funds with donor stipulations that are met in the same year in which the contributions are received; these 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 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**—Contract revenue is recorded at the time the services are provided and the performance obligation is satisfied. The performance obligation is the delivery of the services supplied to the customer. The transaction price is established by Crossroads and the contracting entity per an agreement. No allocation of the transaction price of the services is necessary. Some contracts are on a reimbursement basis. Specifically, when Crossroads has incurred expenses in compliance with the general and specific requirements of the funding source, both the receivable from the government agency and offsetting contract revenue are recorded. Medicaid and other contracts are fee-per-service.
- **Payroll Protection Program (PPP) Loan Revenue** The loan forgiveness process has a high degree of complexity and uncertainty; Crossroads elected 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 determined that the organization met the eligibility criteria and recognized \$91,833 as revenue in FY20 and \$226,314 in FY21 (the entire original PPP loan of \$318,147).

**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

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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. Management elected to allocated depreciation to “Management and General” category in FY21. However, depreciation is expected to be allocated between Program, Management and General, and Fundraising in future years.

**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, 2021 and 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 filings for the years ended June 30, 2018 and thereafter are subject to audit by various taxing authorities.

**Advertising**

Crossroads expenses advertising costs as they are incurred. For the years ended June 30, 2021 and 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, 2021, 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.

The Bernalillo County capital contract used to help with the purchase and renovation of Crossroads’ building contains performance metric claw back provisions. As of June 30, 2021, Crossroads was in compliance with those performance metrics.



**CROSSROADS FOR WOMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021, With Comparative Totals for 2020**

**Subsequent Events**

Subsequent events were evaluated through November 08, 2021, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2021, 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	2021	2020
Checking	\$ 145,516	151,844
Clients escrow (restricted)	20,633	58,080
Savings & MM	229,155	298,135
Petty cash	950	950
Total	<u>\$ 396,254</u>	<u>509,009</u>

Included in the cash shown above is the following restricted cash:

Restricted Cash	2021	2020
Donor restricted	\$ 207,681	54,599
Clients escrow	20,633	58,080
	<u>\$ 228,314</u>	<u>112,679</u>

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

At June 30, Crossroads' investments were comprised of:

Investments	2021	2020
Cash held for investment (FDIC insured)	\$ 252,820	349,815
Equity securities	-	10,911
Mutual funds	-	37,951
Total	<u>\$ 252,820</u>	<u>398,677</u>

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The investment account activity at the end of June was as follows:

		2021	2020
Beginning balance	\$	398,677	508,688
Change in market value		12,859	(3,014)
Contributions		250,000	1,029
Investment income		1,284	2,207
Distributions/fees		(410,000)	(110,233)
Ending balance	\$	<u>252,820</u>	<u>398,677</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.

Assets at Fair Value			
Description		2021	2020
		Level 1	Level 1
Investments	\$	252,820	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, and external limitations imposed by donors or contracts with others. Crossroads is substantially supported by contractual agreements and restricted grants. Because a donor's

**CROSSROADS FOR WOMEN**  
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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, 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.

	2021	2020
Financial assets, at year end		
Cash and cash equivalents	\$ 375,621	450,929
Restricted cash	20,633	58,080
Investments, at fair value	252,820	398,677
Contributions receivable	595	1,667
Contracts and other receivables	301,407	305,088
Less		
Funds held for others	(20,633)	(58,080)
Net assets with donor restrictions	(232,681)	(54,599)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>697,762</u>	<u>1,101,762</u>

**6. GRANTS, CONTRACTS, AND ACCOUNTS RECEIVABLE**

The grants, contracts, and accounts receivable at the end of June are as follows:

	2021	2020
	\$	
Bernalillo County	86,916	88,235
City of Albuquerque	55,757	35,048
New Mexico Correction Department	83,154	105,104
Pathways	5,144	24,164
U.S. Probation/Pretrial Services	12,684	6,153
United Way	15,000	5,000
Albuquerque Community Foundation	10,000	-
Medicaid	13,371	26,675
Other	19,975	16,376
Total	\$ <u>302,002</u>	<u>306,755</u>

**CROSSROADS FOR WOMEN**  
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**7. PROPERTY, EQUIPMENT AND DEPRECIATION**

Property and equipment consist of the following at June 30:

	2020	Additions	Deletions	Adjustments	2021
Land	\$ -	301,610	-	-	301,610
Building	-	1,709,122	-	-	1,709,122
Equipment	49,957	-	(32,108)	(2,900)	14,949
Vehicles	-	4,300	-	2,900	7,200
Leasehold improvements	2,000	-	(2,000)	-	-
Total property and equipment	51,957	2,015,032	(34,108)	-	2,032,881
Less accumulated depreciation	(43,742)	(17,747)	29,690	-	(31,799)
Property and equipment, net	\$ 8,215	1,997,285	(4,418)	-	2,001,082

Depreciation expense was \$17,747 in 2021 and \$4,203 in 2020.

**8. ACCRUED EXPENSES**

Accrued expenses consist of the following at June 30:

	2021	2020
Accrued wages	\$ 21,907	65,992
Accrued annual leave	45,611	48,688
Accrued payroll taxes and benefits	970	16,004
Total	\$ 68,488	130,684

**9. LINE OF CREDIT**

Crossroads had 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 during FY21 and FY 20 was 5.65%.

The line of credit was terminated on February 18, 2021. During 2020, Crossroads used the line of credit and borrowed \$85,000. The balance at the end of June 30, 2021 is \$0.

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

Crossroads applied for and received a PPP loan in the amount of \$318,147. Crossroads determined that it met the eligibility criteria for forgiveness and recognized \$91,833 as revenue in FY20 and \$226,314 in FY21 (the entirety \$318,147 original PPP loan). The PPP loan was forgiven on September 14, 2021. See Note 2 for revenue recognition.

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**11. NOTE PAYABLE**

Crossroads for Women entered into two mortgage agreements with the same lender on March 5, 2021, used to finance the new building on Elm Street.

The first mortgage of \$674,480 with an interest rate of 3.35% has a maturity date of March 5, 2028. The second mortgage of \$555,520 with an interest rate of 3.75%, and maturity date September 5, 2021, was paid off on March 24, 2021.

Collateral consists of title and interest in the real property together with all existing or subsequently erected or affixed buildings, improvements, and fixtures. The Lender has a Uniform Commercial Code security interest as additional collateral which includes but is not limited to all personal property, rents, building materials, supplies, inventory, equipment, fixtures, furnishings and/or other goods.

The future mortgage payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 17,591
2023	18,498
2024	19,495
2025	18,880
2026	19,939
Thereafter	575,785
Total	\$ <u>670,188</u>

The note payable long-term and short-term payments are as follow:

<u>Type</u>	<u>Amount</u>
Short -term	\$ 17,591
Long-term	652,597
Total	\$ <u>670,188</u>

**CROSSROADS FOR WOMEN**  
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**12. NET ASSETS WITH DONOR RESTRICTIONS**

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

Type	2020	Additions	Released	2021	Time/Purpose restriction
Albuquerque Community Foundation	\$ -	30,000	(9,228)	20,772	Housing
Albuquerque Community Foundation	-	10,000	-	10,000	Kitchen upgrade
Aftercare	1,404	-	-	1,404	Aftercare/POPSS Program
Bernalillo County - CARES grant	-	10,000	(10,000)	-	COVID-19 needs
Sandia National Laboratories/ Honeywell Foundation	-	17,500	9,792	27,292	Family support
Scholarships	4,132	984	(2,509)	2,607	Ongoing client scholarships
Rotary Club - Del Norte	-	2,000	-	2,000	Kitchen upgrade
Truck maintenance	564	-	(564)	-	Vehicle maintenance (CRFW Truck)
Hogares grant	-	250,000	(121,076)	128,924	New building purchase and improvements
Holiday food boxes	3,810	-	(178)	3,632	Holiday food boxes for clients
Hygiene & cleaning supplies	300	800	(494)	606	Hygiene and cleaning supplies for clients
PNMR Foundation	10,000	10,000	(10,000)	10,000	FY22 Grant for POPSS Program
Facebook technology grant	6,985	-	(5,985)	1,000	Computer Lab at Pavilions
Cross New Roads campaign	7,089	-	-	7,089	For purchase of van
Holiday wishlist	360	-	(123)	237	Client gift purchases
Birthday parties	581	-	-	581	Children's birthday parties
Other donations - school supplies	-	315	(140)	175	School supplies
Other donations - client centered events	-	1,200	(1,000)	200	Client center events
United Way grant	15,000	15,000	(15,000)	15,000	FY22 Grant for POPSS Program
United Way grant	4,000	-	(3,212)	788	Feeding Families
Toyota matching grant	374	-	-	374	Other
Total	\$ 54,599	347,799	(169,717)	232,681	

**13. 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:

**Concentration from Significant Customers**

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

	2021	%	2020	%
NM Corrections Department	\$ 837,712	20%	850,681	36%
Bernalillo County	1,801,333	44%	193,677	8%
Total	\$ 2,639,045	64%	1,044,358	44%
Total revenue	\$ 4,106,117		2,386,288	

**CROSSROADS FOR WOMEN**  
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**For the Year Ended June 30, 2021, With Comparative Totals for 2020**

**Geographical Concentration**

Crossroads' operations are concentrated in the greater Albuquerque metropolitan area in the state of New Mexico.

**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 insured by the FDIC up to \$250,000 per depositor per institution for interest and noninterest-bearing accounts. As of June 30, 2021, all bank balances were insured. At the end of June 30, 2020, certain Crossroads' bank balances were uninsured and uncollateralized by \$268,751.

**14. COMMITMENTS—OPERATING LEASE**

During 2017, Crossroads entered a noncancelable operating lease for a building for Maya's Place. Crossroads also, leases office equipment. One lease started September 2018 with a 36-month term and the other, started June 9, 2019 with a term length of 63 months. As of June 30, 2021, future minimum lease payments on the lease are as follows:

<u>Year Ending June 30:</u>		<u>Space (office and client housing)</u>	<u>Office Equipment</u>	<u>Total</u>
2022	\$	88,435	1,985	90,420
2023		37,150	1,608	38,758
2024		-	1,608	1,608
2025		-	402	402
2026		-	-	-
Total	\$	<u>125,585</u>	<u>5,603</u>	<u>131,188</u>

Lease expense for Maya's Place was \$83,690 for the year ended June 30, 2021 and \$85,480 for FY20.



**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, 2021, 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 November 08, 2021.

**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



**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**

**November 08, 2021**

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  
November 08, 2021

**CROSSROADS FOR WOMEN  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2021**

**SUMMARY OF FINDINGS**

<b>Reference FY-Finding #</b>	<b>Findings</b>	<b>Status of Prior Year Findings</b>	<b>Type of 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