



LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS

Crossroads for Women



Financial Statements
and
Independent Auditors' Report

December 31, 2014 and 2013

Crossroads for Women

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Independent Auditors' Report

To the Board of Directors of
Crossroads for Women

Report on the Financial Statements

We have audited the accompanying financial statements of Crossroads for Women (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 for Women as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015, on our consideration of Crossroads for Women's 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 for Women's internal control over financial reporting and compliance.

Loftis Group ^{uc}

Albuquerque, New Mexico
March 26, 2015

Financial Statements

Crossroads for Women
Statements of Financial Position
December 31,

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 115,270	\$ 52,688
Restricted cash	3,268	426
Contributions receivable	30,248	37,500
Contracts and other receivables	29,470	40,392
Prepays	4,242	9,270
Total current assets	<u>182,498</u>	<u>140,276</u>
Investments	32,579	34,687
Equipment, net	13,427	17,466
Total assets	<u>\$ 228,504</u>	<u>\$ 192,429</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ -	\$ 212
Accrued expenses	46,068	45,564
Funds held for others	3,268	426
Total current liabilities	<u>49,336</u>	<u>46,202</u>
Net assets		
Unrestricted	113,027	79,168
Temporarily restricted	66,141	67,059
Total net assets	<u>179,168</u>	<u>146,227</u>
Total liabilities and net assets	<u>\$ 228,504</u>	<u>\$ 192,429</u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contracts	\$ 676,570	\$ -	\$ 676,570
Contributions and grants	209,415	66,141	275,556
Client reimbursements	19,729	-	19,729
In-kind contributions	49,186	-	49,186
Other	16,228	-	16,228
Net assets released from restriction	67,059	(67,059)	-
Total support and revenue	<u>1,038,187</u>	<u>(918)</u>	<u>1,037,269</u>
Expenses			
Program services	911,571	-	911,571
Supporting services			
Management and general	72,558	-	72,558
Fundraising	20,199	-	20,199
Total supporting services expenses	<u>92,757</u>	<u>-</u>	<u>92,757</u>
Total expenses	<u>1,004,328</u>	<u>-</u>	<u>1,004,328</u>
Change in net assets	33,859	(918)	32,941
Net assets, beginning of year	79,168	67,059	146,227
Net assets, end of year	<u>\$ 113,027</u>	<u>\$ 66,141</u>	<u>\$ 179,168</u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contracts	\$ 650,085	\$ -	\$ 650,085
Contributions and grants	168,356	67,059	235,415
Client reimbursements	15,848	-	15,848
In-kind contributions	32,472	-	32,472
Seminar	10,208	-	10,208
Other	14,830	-	14,830
Net assets released from restriction	<u>55,880</u>	<u>(55,880)</u>	<u>-</u>
Total support and revenue	<u>947,679</u>	<u>11,179</u>	<u>958,858</u>
Expenses			
Program services	911,172	-	911,172
Supporting services			
Management and general	67,193	-	67,193
Fundraising	<u>18,318</u>	<u>-</u>	<u>18,318</u>
Total supporting services expenses	<u>85,511</u>	<u>-</u>	<u>85,511</u>
Total expenses	<u>996,683</u>	<u>-</u>	<u>996,683</u>
Change in net assets	(49,004)	11,179	(37,825)
Net assets, beginning of year	<u>128,172</u>	<u>55,880</u>	<u>184,052</u>
Net assets, end of year	<u><u>\$ 79,168</u></u>	<u><u>\$ 67,059</u></u>	<u><u>\$ 146,227</u></u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program	Management and General	Fundraising	Total
Salaries	\$ 438,826	\$ 39,115	\$ 11,929	\$ 489,870
Client housing and support	264,199	-	-	264,199
Contributed materials	46,836	-	-	46,836
Payroll taxes	35,772	3,189	972	39,933
Occupancy	26,252	7,900	-	34,152
Employee benefits	28,365	2,528	771	31,664
Insurance	17,508	1,561	476	19,545
Telephone and utilities	12,757	1,262	-	14,019
Miscellaneous	4,040	4,040	4,680	12,760
Professional fees	-	9,844	-	9,844
Program	9,310	-	-	9,310
Supplies	5,737	660	250	6,647
Contract labor	5,772	713	-	6,485
Depreciation	5,430	959	-	6,389
Travel	4,706	400	-	5,106
Storage	4,273	-	-	4,273
Postage and shipping	387	387	1,121	1,895
Repairs and maintenance	936	-	-	936
Training	465	-	-	465
	<u>\$ 911,571</u>	<u>\$ 72,558</u>	<u>\$ 20,199</u>	<u>\$ 1,004,328</u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Statement of Functional Expenses
For the Year Ended December 31, 2013

	Program	Management and General	Fundraising	Total
Salaries	\$ 427,117	\$ 38,021	\$ 11,969	\$ 477,107
Client housing and support	259,834	-	-	259,834
Contributed materials	32,472	-	-	32,472
Payroll taxes	36,145	3,218	1,013	40,376
Occupancy	26,071	6,862	-	32,933
Employee benefits	47,209	-	1,215	48,424
Insurance	17,823	1,587	499	19,909
Telephone and utilities	12,585	3,123	-	15,708
Miscellaneous	5,793	-	802	6,595
Professional fees	6,010	11,198	1,700	18,908
Program	3,988	-	-	3,988
Supplies	5,419	635	127	6,181
Contract labor	3,283	-	-	3,283
Depreciation	5,663	1,000	-	6,663
Travel	9,769	616	-	10,385
Storage	4,632	-	-	4,632
Postage and shipping	1,497	-	993	2,490
Repairs and maintenance	4,445	933	-	5,378
Training	1,417	-	-	1,417
	<u>\$ 911,172</u>	<u>\$ 67,193</u>	<u>\$ 18,318</u>	<u>\$ 996,683</u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Statements of Cash Flows
For the Years Ended December 31,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash received from contracts	\$ 687,492	\$ 626,282
Cash received from contributions and grants	243,872	194,066
Cash received from program services	19,729	26,056
Other cash receipts	14,211	12,330
Cash paid to employees and suppliers	<u>(944,716)</u>	<u>(965,092)</u>
Net cash provided (used) by operating activities	<u>20,588</u>	<u>(106,358)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(5,000)
Proceeds from the sale of investments	68,695	-
Purchases of investments	<u>(26,701)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>41,994</u>	<u>(5,000)</u>
Net increase (decrease) in cash and cash equivalents	62,582	(111,358)
Cash and cash equivalents, beginning of year	<u>52,688</u>	<u>164,046</u>
Cash and cash equivalents, end of year	<u>\$ 115,270</u>	<u>\$ 52,688</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities		
Change in net assets	<u>\$ 32,941</u>	<u>\$ (37,825)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	5,106	6,663
Net realized and unrealized gain on investments	(950)	-
Noncash contributions of investments	(38,936)	(34,687)
Noncash contribution of an asset	(1,067)	-
Changes in assets and liabilities		
Restricted cash	2,842	4,800
Contributions receivable	7,252	(6,662)
Contracts and other receivables	10,922	(9,228)
Prepays	5,028	(8,858)
Accounts payable	(212)	(2,634)
Accrued expenses	504	3,948
Deferred revenue	-	(17,075)
Funds held for others	<u>(2,842)</u>	<u>(4,800)</u>
Total adjustments	<u>(12,353)</u>	<u>(68,533)</u>
Net cash provided (used) by operating activities	<u>\$ 20,588</u>	<u>\$ (106,358)</u>

The accompanying notes are an integral part of these financial statements.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

1) Organization

Crossroads for Women (Crossroads) is a New Mexico nonprofit corporation established in 1997. The purpose of Crossroads is to provide housing and trauma responsive, gender specific wrap-around services to homeless women reintegrating into the community from incarceration, life on the streets, treatment programs and emergency or transitional housing. Crossroads' main sources of revenue and support are contracts with governmental agencies, contributions and grants.

The staff operate two housing programs for homeless, formerly incarcerated women with addiction and mental health disorders: Maya's Place, (located in SE Albuquerque) is a structured twelve to fifteen bed transitional housing program at which the women participate in on-site therapeutic programming addressing 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 graduated, goal driven level system, create close supervision and structure early in the program, with increasing independence as successful participation continues.

Women completing Maya's, coming directly from homelessness, a shelter or the streets may enter Crossroads, serving twenty-eight to thirty women and their children at any given time. Crossroads is a multi-year program utilizing scattered site housing (throughout the City of Albuquerque) for women cycling between homelessness and incarceration. The women receive intensive case management, group and individual counseling with a strong focus on recovery from trauma, vocational services, parenting assistance, life skills education, and assistance with basic needs all aimed at supporting their transition to self-sufficiency.

After-care services support graduates 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 providing for emergent needs where possible.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

1) Organization — continued

A weekly life skills education group at the Metropolitan Detention Center focusing on community resources, relationship and life skills assists in connecting women to community based services and reducing the risks of recidivism in the initial days following release. This opportunity is the first step toward bridging the difficult gap from jail to community based services, and providing a graduated approach to reintegration that allows for the appropriate level of support at each stage.

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

Crossroads is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Crossroads only has unrestricted and temporarily restricted net assets.

Support and Revenue

Grants and contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Cash Equivalents

For purposes of the statement of cash flows, Crossroads considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Funds Held for Others

Crossroads may act as a custodian for client funds which are held in a separate bank account.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

2) Summary of Significant Accounting Policies — continued

Contracts and Other Receivables

Contracts and contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts, 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. Receivables are charged off in the period in which management determines the receivable is uncollectible. There was no allowance for uncollectible receivables as of December 31, 2014 and 2013.

Property and Equipment

Purchased property and equipment are stated at cost. Property, furniture, and equipment that are received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted contributions 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Crossroads reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Crossroads reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased or donated property in excess of \$500 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.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the financial statements. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

2) Summary of Significant Accounting Policies — continued

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 December 31, 2011 and thereafter are subject to audit by various taxing authorities.

Financial Instruments

Crossroads financial instruments include cash and cash equivalents, funds held for others, contributions receivable, contracts and other receivables, prepaids, accounts payable and accrued expenses. Crossroads estimates that the fair value of all financial instruments at December 31, 2014 and 2013 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

Use of Estimates

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.

Functional Allocation of Expenses

Expenses are charged directly to program services and administrative categories based on specific identification. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent and square footage, as applicable.

Donated Materials and Services

Crossroads recognizes contributed materials and services if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services are recorded at the fair value of the services on the date of donation. Donated materials are recorded at fair value on the date of donation.

Subsequent Events

Subsequent events were evaluated through March 26, 2015, which is the date the financial statements were available to be issued.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

3) Equipment

Equipment consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 42,228	\$ 39,878
Less accumulated depreciation	<u>(28,801)</u>	<u>(22,412)</u>
Net equipment	<u>\$ 13,427</u>	<u>\$ 17,466</u>

4) Investments

Crossroads for Women held investments of approximately \$33,000 and \$35,000 at December 31, 2014 and December 31, 2013, respectively. At December 31, 2014, these investments were comprised of equity securities of approximately \$26,000 and money market funds of approximately \$7,000. At December 31, 2013, these investments were comprised of mutual funds of approximately \$30,000, equity securities of approximately \$3,000 and money market funds of approximately \$2,000. These investments fair values are measured on a recurring basis by quoted prices in active markets for identical assets (Level I).

5) Accrued Expenses

Accrued expenses consist of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Accrued wages	\$ 23,357	\$ 19,965
Accrued annual leave	17,149	18,378
Accrued payroll taxes and benefits	<u>5,562</u>	<u>7,221</u>
Total	<u>\$ 46,068</u>	<u>\$ 45,564</u>

6) Contingencies

The contracts with governmental agencies are subject to compliance audits which may result in disallowed expenses. As of December 31, 2014 and 2013, 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.

Crossroads for Women
Notes to Financial Statements
December 31, 2014 and 2013

7) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Day program	\$ 37,500	\$ 30,000
Frost day program	9,755	-
Aftercare services	8,889	14,168
Family specialist	10,915	11,712
Total	<u>\$ 67,059</u>	<u>\$ 55,880</u>

8) Net Assets Released from Restriction

Net assets released from restriction consist of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Day program	\$ 37,500	\$ 30,000
Frost day program	9,755	-
Aftercare services	8,889	14,168
Family specialist	10,915	11,712
Total	<u>\$ 67,059</u>	<u>\$ 55,880</u>

9) Concentrations of Risk

Crossroads maintains its cash in bank deposit accounts, which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. At December 31, 2014 and 2013, Crossroads had no uninsured cash balances. Contract revenue from the U.S. Department of Housing and Urban Development (HUD) comprised 30% and 33% of total revenue and support for the years ended December 31, 2014 and 2013, respectively.

10) Line of Credit

Crossroads has a \$50,000 revolving line of credit, of which \$50,000 was unused at December 31, 2014. Bank advances on the credit line are payable on demand and carry an interest rate of 2.85% over financial institution's prime rate (3.25% at December 31, 2014). The credit line is secured by substantially all assets of Crossroads.

Independent Auditors' 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*

To the Board of Directors of
Crossroads for Women

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) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crossroad's 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 Crossroad's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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. 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 Crossroad's 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.

Loftis Group ^{uc}

Albuquerque, New Mexico
March 26, 2015

Crossroads for Women
Schedule of Findings and Responses
December 31, 2014

Section I — Finding

None

Crossroads for Women
Summary Schedule of Prior Year Audit Findings
December 31, 2014

Section II — Summary Schedule of Prior Year Audit Findings

None