



LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS



Crossroads
for Women

Financial Statements
and
Independent Auditors' Report

December 31, 2016 and 2015

Crossroads for Women

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-14
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 <i>Government Auditing Standards</i>	15-16
Schedule of Findings and Responses	17
Summary Schedule of Prior Year Audit Findings	18

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, 2016 and 2015, 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 audits 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 auditors' 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, 2016 and 2015, 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 April 6, 2017, 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
April 6, 2017

Financial Statements

Crossroads for Women
Statements of Financial Position
December 31,

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 430,346	\$ 297,073
Restricted cash	4,024	2,927
Contributions receivable	57,837	12,600
Contracts and other receivables	233,549	135,249
Prepays	171	161
Total current assets	725,927	448,010
Investments	39,356	15,147
Equipment, net	16,488	20,691
Total assets	\$ 781,771	\$ 483,848
 Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 85,654	\$ 68,430
Funds held for others	4,024	2,927
Total current liabilities	89,678	71,357
 Net assets		
Unrestricted	626,813	404,991
Temporarily restricted	65,280	7,500
Total net assets	692,093	412,491
Total liabilities and net assets	\$ 781,771	\$ 483,848

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

Crossroads for Women
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contracts	\$ 1,686,822	\$ -	\$ 1,686,822
Contributions and grants	176,992	65,280	242,272
In-kind contributions	118,364	-	118,364
Client reimbursements	26,330	-	26,330
Other	29,082	-	29,082
Net assets released from restriction	<u>7,500</u>	<u>(7,500)</u>	<u>-</u>
Total support and revenue	<u>2,045,090</u>	<u>57,780</u>	<u>2,102,870</u>
 Expenses			
Program services	1,671,860	-	1,671,860
Supporting services			
Management and general	124,038	-	124,038
Fundraising	<u>27,370</u>	<u>-</u>	<u>27,370</u>
Total supporting services expenses	<u>151,408</u>	<u>-</u>	<u>151,408</u>
Total expenses	<u>1,823,268</u>	<u>-</u>	<u>1,823,268</u>
Change in net assets	221,822	57,780	279,602
Net assets, beginning of year	<u>404,991</u>	<u>7,500</u>	<u>412,491</u>
Net assets, end of year	<u>\$ 626,813</u>	<u>\$ 65,280</u>	<u>\$ 692,093</u>

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

Crossroads for Women
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contracts	\$ 1,231,332	\$ -	\$ 1,231,332
Contributions and grants	161,291	7,500	168,791
In-kind contributions	98,279	-	98,279
Client reimbursements	23,314	-	23,314
Other	4,535	-	4,535
Net assets released from restriction	<u>66,141</u>	<u>(66,141)</u>	<u>-</u>
Total support and revenue	<u>1,584,892</u>	<u>(58,641)</u>	<u>1,526,251</u>
 Expenses			
Program services	1,190,923	-	1,190,923
Supporting services			
Management and general	83,357	-	83,357
Fundraising	<u>18,648</u>	<u>-</u>	<u>18,648</u>
Total supporting services expenses	<u>102,005</u>	<u>-</u>	<u>102,005</u>
Total expenses	<u>1,292,928</u>	<u>-</u>	<u>1,292,928</u>
Change in net assets	291,964	(58,641)	233,323
Net assets, beginning of year	<u>113,027</u>	<u>66,141</u>	<u>179,168</u>
Net assets, end of year	<u>\$ 404,991</u>	<u>\$ 7,500</u>	<u>\$ 412,491</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, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 870,090	\$ 85,483	\$ 15,250	\$ 970,823
Client housing and support	302,850	-	-	302,850
Contributed materials	118,364	-	-	118,364
Payroll taxes	99,190	9,745	1,739	110,674
Employee benefits	57,740	5,673	1,012	64,425
Occupancy	42,246	3,480	-	45,726
Program	37,352	-	-	37,352
Insurance	33,416	3,283	585	37,284
Telephone and utilities	35,077	432	-	35,509
Professional fees	14,480	12,843	-	27,323
Contract labor	24,180	-	-	24,180
Travel	19,432	-	-	19,432
Miscellaneous	217	726	5,100	6,043
Supplies	4,760	595	595	5,950
Storage	4,347	-	900	5,247
Depreciation	3,572	631	-	4,203
Repairs and maintenance	2,926	277	864	4,067
Postage and shipping	530	795	1,325	2,650
Training	1,091	75	-	1,166
	<u>\$ 1,671,860</u>	<u>\$ 124,038</u>	<u>\$ 27,370</u>	<u>\$ 1,823,268</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, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 564,980	\$ 47,469	\$ 12,805	\$ 625,254
Client housing and support	302,452	-	-	302,452
Contributed materials	98,279	-	-	98,279
Payroll taxes	60,664	5,100	1,342	67,106
Employee benefits	28,730	2,415	636	31,781
Occupancy	28,686	9,562	-	38,248
Program	22,262	-	-	22,262
Insurance	21,345	1,794	472	23,611
Telephone and utilities	16,834	1,050	-	17,884
Professional fees	8,672	12,578	-	21,250
Travel	14,083	-	-	14,083
Miscellaneous	656	636	1,400	2,692
Supplies	2,650	1,019	408	4,077
Storage	5,050	-	-	5,050
Depreciation	4,290	757	-	5,047
Repairs and maintenance	8,322	462	462	9,246
Postage and shipping	516	515	1,123	2,154
Training	2,452	-	-	2,452
	<u>\$ 1,190,923</u>	<u>\$ 83,357</u>	<u>\$ 18,648</u>	<u>\$ 1,292,928</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,

	2016	2015
Cash flows from operating activities		
Cash received from contracts	\$ 1,588,522	\$ 1,125,553
Cash received from contributions and grants	197,035	186,439
Cash received from program services	26,330	23,314
Other cash receipts	25,087	6,665
Cash paid to employees and suppliers	<u>(1,683,487)</u>	<u>(1,163,159)</u>
Net cash provided by operating activities	<u>153,487</u>	<u>178,812</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(15,765)
Proceeds from the sale of investments	-	18,756
Purchases of investments	<u>(20,214)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(20,214)</u>	<u>2,991</u>
Net increase in cash and cash equivalents	133,273	181,803
Cash and cash equivalents, beginning of year	<u>297,073</u>	<u>115,270</u>
Cash and cash equivalents, end of year	<u>\$ 430,346</u>	<u>\$ 297,073</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	<u>\$ 279,602</u>	<u>\$ 233,323</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,203	5,047
Net realized and unrealized gain on investments	(3,995)	(1,324)
Loss on asset disposal	-	3,454
Changes in assets and liabilities		
Restricted cash	1,097	(341)
Contributions receivable	(45,237)	17,648
Contracts and other receivables	(98,300)	(105,779)
Prepays	(10)	4,081
Accrued expenses	17,224	22,362
Funds held for others	<u>(1,097)</u>	<u>341</u>
Total adjustments	<u>(126,115)</u>	<u>(54,511)</u>
Net cash provided by operating activities	<u>\$ 153,487</u>	<u>\$ 178,812</u>

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

Crossroads for Women
Notes to Financial Statements
December 31, 2016 and 2015

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. The main sources of revenue and support for Crossroads for Women are contracts with grants, contributions and government entities.

The agency operates five housing and support programs as well as providing after care for homeless and formerly incarcerated women with addiction and mental health disorders. Collectively, these programs 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 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) is a structured twelve to fifteen bed program for women transitioning out of incarceration. HOPE House, located in NE Albuquerque, is nine to twenty-four month structured transitional housing program serving eleven women who are cycling between homelessness and incarceration. The Pavilions is located in Los Lunas and serves twenty-two women transitioning out of incarceration who are on state probation and/or parole.

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.

Crossroads for Women
Notes to Financial Statements
December 31, 2016 and 2015

1) Organization — continued

The fifth program is The Crossroads which is a permanent supportive housing program serving fifty-two to fifty-five women using scattered-site housing located throughout the City of Albuquerque. Women completing a transitional housing program, coming directly from homelessness, a shelter, or the streets may enter The Crossroads. 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 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.

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, temporarily restricted 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.

Crossroads for Women
Notes to Financial Statements
December 31, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Contracts and Other Receivables

Contracts, contributions and other receivables 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, 2016 and 2015.

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 the 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 \$2,500 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.

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, 2016 and 2015

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, 2013 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 expense. Crossroads estimates that the fair value of all financial instruments at December 31, 2016 and 2015 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 April 6, 2017, which is the date the financial statements were available to be issued.

Crossroads for Women
Notes to Financial Statements
December 31, 2016 and 2015

3) Equipment

Equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 49,593	\$ 49,593
Less accumulated depreciation	<u>(33,105)</u>	<u>(28,902)</u>
Equipment, net	<u>\$ 16,488</u>	<u>\$ 20,691</u>

4) Investments

Crossroads for Women held investments of approximately \$39,000 and \$15,000 at December 31, 2016 and December 31, 2015, respectively. At December 31, 2016, these investments were comprised of equity securities of approximately \$9,000 and mutual funds of approximately \$30,000. At December 31, 2015, these investments were comprised of equity securities of approximately \$8,000 and money market funds of approximately \$7,000. 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 consists of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Accrued wages	\$ 49,615	\$ 32,930
Accrued annual leave	32,124	23,887
Accrued payroll taxes and benefits	<u>3,915</u>	<u>11,613</u>
Total	<u>\$ 85,654</u>	<u>\$ 68,430</u>

6) Contingencies

The contracts with governmental agencies are subject to compliance audits which may result in disallowed expenses. As of December 31, 2016 and 2015, 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, 2016 and 2015

7) Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Encore	\$ 50,280	\$ -
Housing	15,000	-
Day program	-	7,500
Total temporarily restricted net assets	<u>\$ 65,280</u>	<u>\$ 7,500</u>

8) Net Assets Released from Restriction

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

	<u>2016</u>	<u>2015</u>
Day program	\$ 7,500	\$ 30,250
Family services	-	24,403
Family specialist	-	11,488
Total	<u>\$ 7,500</u>	<u>\$ 66,141</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.

Contract revenue from the New Mexico Department of Corrections comprised 34% and 22% of total revenue and support for the years ended December 31, 2016 and 2015, respectively.

10) Line of Credit

Crossroads has a \$50,000 revolving line of credit, of which \$50,000 was unused at December 31, 2016 and 2015. Bank advances on the credit line are payable on demand and carry an interest rate of 2.85% over the financial institution's prime rate (3.25% at December 31, 2016). 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, 2016, 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 April 6, 2017.

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 ^{LLC}

Albuquerque, New Mexico
April 6, 2017

Crossroads for Women
Schedule of Findings and Responses
December 31, 2016

Section I — Finding

None

Crossroads for Women
Summary Schedule of Prior Year Audit Findings
December 31, 2016

Section II — Summary Schedule of Prior Year Audit Findings

None