



CROSSROADS FOR WOMEN

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

**For the Year Ended June 30, 2022
With Comparative Totals for 2021**

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CROSSROADS FOR WOMEN
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For the Year Ended June 30, 2022, With Comparative Totals for 2021

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CROSSROADS FOR WOMEN
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
As of June 30, 2022

ROSTER

BOARD OF DIRECTORS

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

Cory Lee	Executive Director
LaNika Bullington, MBA	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Board of Directors and Management
Crossroads for Women
Albuquerque, New Mexico

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crossroads and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossroads' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crossroads' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossroads' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from Crossroads for Women's June 30, 2021 financial statements. We have previously audited Crossroads' 2021 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated November 08, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 February 21, 2023, 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

February 21, 2023

CROSSROADS FOR WOMEN
Statement of Financial Position
As of June 30, 2022, With Comparative Totals for 2021

	<u>Note</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets			
Cash, restricted cash, and cash equivalents	3	\$ 258,961	375,621
Restricted cash (clients escrow)	3	48,316	20,633
Contributions receivable		-	595
Contracts and other receivables	6	383,707	301,407
Prepaid expenses	7	5,271	808
Investments, at fair value	4	252,844	252,820
Total current assets		<u>949,099</u>	<u>951,884</u>
Non-Current Assets			
Property and equipment, net of accumulated depreciation	8	<u>3,220,891</u>	<u>2,001,082</u>
Total non-current assets		<u>3,220,891</u>	<u>2,001,082</u>
Total Assets		<u><u>\$ 4,169,990</u></u>	<u><u>2,952,966</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	10	\$ 47,744	30,168
Note payable - building (short-term)	14	35,033	17,591
Accrued expenses	9	89,703	68,488
Deferred revenue	11	1,283	-
Tenant deposits		4,600	-
Funds held for others (escrow)		<u>48,316</u>	<u>20,633</u>
Total Current Liabilities		<u>226,679</u>	<u>136,880</u>
Long-Term Liabilities			
Note payable (long-term)	14	948,537	652,597
Deferred capital grant	11	<u>600,000</u>	<u>-</u>
Total Long-term Liabilities		<u>1,548,537</u>	<u>652,597</u>
Total Liabilities		<u>1,775,216</u>	<u>789,477</u>
Net Assets			
Without donor restrictions		2,176,953	1,930,808
With donor restrictions	15	<u>217,821</u>	<u>232,681</u>
Total Net Assets		<u>2,394,774</u>	<u>2,163,489</u>
Total Liabilities and Net Assets		<u><u>\$ 4,169,990</u></u>	<u><u>2,952,966</u></u>

CROSSROADS FOR WOMEN
Statement of Activities
For the Year Ended June 30, 2022, With Comparative Totals for 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contracts	\$ 2,092,133	-	2,092,133	1,909,316
Capital grants	288,000	10,000	298,000	262,000
Capital contracts	-	-	-	1,245,000
Contributions and grants	316,832	125,000	441,832	276,117
Government grants (COVID and PPPL)	64,508	-	64,508	236,314
Medicaid reimbursements	183,794	-	183,794	49,796
In-kind contributions	268,502	-	268,502	101,307
Investment income	-	-	-	13,775
Other	75,469	-	75,469	16,910
Gain (loss) on assets disposal	-	-	-	(4,418)
Net assets released from restriction	149,860	(149,860)	-	-
Total Revenue and Support	3,439,098	(14,860)	3,424,238	4,106,117
Expenses				
Program services	2,774,716	-	2,774,716	2,375,754
Supporting services				
Management and general	259,178	-	259,178	205,191
Fundraising	159,059	-	159,059	160,581
Total supporting services	418,237	-	418,237	365,772
Total Expenses	3,192,953	-	3,192,953	2,741,526
Change in net assets	246,145	(14,860)	231,285	1,364,591
Net assets, beginning of year	1,930,808	232,681	2,163,489	798,898
Net assets, end of year	\$ 2,176,953	217,821	2,394,774	2,163,489

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, 2022, With Comparative Totals for 2021

	2022				2021 Total
	Program	Management and General	Fundraising	Total	
Salaries and wages	\$ 1,471,952	136,926	102,694	1,711,572	1,624,708
Payroll taxes	153,258	14,256	10,692	178,206	157,997
Employee benefits	74,217	6,904	5,178	86,299	113,423
Total personnel costs	1,699,427	158,086	118,564	1,976,077	1,896,128
Client housing and support	205,570	-	-	205,570	138,816
Program	106,201	-	-	106,201	108,119
Telephone and utilities	112,278	10,444	7,833	130,555	104,811
Information technology	84,504	7,861	5,896	98,261	97,781
In-kind goods	207,786	-	-	207,786	97,007
Occupancy	8,000	-	-	8,000	51,905
Repairs and maintenance	56,217	5,230	3,922	65,369	51,628
Insurance	55,480	5,161	3,871	64,512	51,114
Professional fees	-	44,043	-	44,043	25,267
Supplies	4,888	455	341	5,684	16,762
Printing and copying	11,896	1,107	830	13,833	11,768
Fundraising	-	-	2,280	2,280	11,043
Travel	22,043	2,051	1,538	25,632	10,011
Dues and subscriptions	7,458	694	520	8,672	9,874
Contract labor	1,558	145	109	1,812	9,052
Training	15,384	1,431	1,073	17,888	7,946
Interest expense	20,161	1,875	1,407	23,443	5,762
Security	16,464	1,532	1,149	19,145	5,203
Miscellaneous	34,000	3,163	2,372	39,535	5,130
Moving expense	1,290	120	90	1,500	4,449
Storage	-	6,095	-	6,095	2,592
Postage and shipping	2,362	220	165	2,747	1,611
Furniture and equipment	26,270	2,444	1,833	30,547	-
Bad debt expense	12,011	1,117	838	13,966	-
Total expenses before depreciation	2,711,248	253,274	154,631	3,119,153	2,723,779
Depreciation	63,468	5,904	4,428	73,800	17,747
Total expenses	\$ 2,774,716	259,178	159,059	3,192,953	2,741,526

CROSSROADS FOR WOMEN
Statement of Cash Flows
For the Year Ended June 30, 2022, With Comparative Totals for 2021

	2022	2021
Cash Flows From Operating Activities		
Cash received from contracts	\$ 2,193,627	1,962,793
Cash received from contributions and grants	506,935	287,189
Investment income	-	13,775
Other cash receipts	76,752	16,910
Cash paid to employees and suppliers	(2,825,914)	(2,699,974)
Cash paid for interest	(23,443)	(5,762)
Net cash provided (used) by operating activities	(72,043)	(425,069)
Cash Flows From Investing Activities		
Proceeds from the sale of investments	250,000	410,000
Purchase of investments	(250,023)	(264,142)
Net cash provided (used) by investing activities	(23)	145,858
Cash Flows From Financing Activities		
Note payable proceeds	337,740	1,230,000
Note payable payments	(19,759)	(559,812)
Capital grants and contracts	298,000	1,507,000
Deferred capital grant	600,000	-
Building, improvements and land purchase	(1,232,892)	(2,010,732)
Net cash provided (used) by financing activities	(16,911)	166,456
Net increase (decrease) in cash and cash equivalents	(88,977)	(112,755)
Cash, restricted cash and cash equivalents, beginning of year	396,254	509,009
Cash, restricted and cash equivalents, end of year	<u>\$ 307,277</u>	<u>396,254</u>
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Change in net assets	\$ 231,285	1,364,591
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation/amortization	73,799	17,746
Net (gain)/loss on asset disposal	-	4,418
Adjustment for capitalized donation	(60,716)	(4,300)
Adjustment for capital grants and contracts	(298,000)	(1,507,000)
Adjustment for PPP loan	-	(226,314)
Changes in assets and liabilities:		
Contracts receivable	(82,300)	3,681
Pledges receivable	595	1,072
Prepaid expenses	(4,463)	18,909
Client trust deposits	27,683	(37,447)
Accounts payable	17,576	1,771
Deferred revenue	1,283	-
Accrued expenses	21,215	(62,196)
Total adjustments	<u>(303,328)</u>	<u>(1,789,660)</u>
Net cash provided (used) by operating activities	\$ (72,043)	(425,069)
Supplementary Noncash Disclosure		
Donated vehicles	\$ -	4,300
Donated services (capitalized)	60,716	-
Donated goods	207,786	97,007
	<u>\$ 268,502</u>	<u>101,307</u>

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022, With Comparative Totals for 2021

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 graduated, goal driven level system create

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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.

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

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pursuant to those stipulations or by the passage of time. See Net Assets with Donor Restrictions Note 15.

Net Assets With Donor Restrictions—Perpetual in Nature— Net assets with perpetual donor restrictions 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. During the years ended June 30, 2022 and 2021, Crossroads did not have any contributions with donor restrictions that were perpetual.

Use of Estimates in Preparation of Financial Statements

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

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
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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 with donor-imposed restrictions until the donor-imposed restrictions have been met. 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, 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, 2022 or for June 30, 2021. 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

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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 accounts for its revenue under 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 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 15). 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.
- **Conditional Grants**—Crossroads receives governmental grants to provide services to the public. The terms of these grants specify that the Crossroads must incur certain qualifying expenses or costs in compliance with the rules and regulations established by the grantor. The advance payments are considered unearned revenue until services are provided and barriers overcome. See Note 11 about deferred grant revenue.

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

- **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. Several 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-for-service. Crossroads is a provider of services under contractual arrangements with Medicaid programs. Patient service revenue includes amounts estimated by management to be reimbursable by these programs under the provisions of the various payment formulas of such arrangements. Crossroads is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports.
- **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 the year ended June 30, 2020 and \$226,314 in the year ended June 30, 2021 (the entire original PPP loan of \$318,147).

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated among the services on the following basis:

Type of Expense	Basis *
Salaries, wages and related payroll expenses	A
Space, occupancy, rental and repairs, insurance, dues and fees	B
Offices supplies, equipment, furniture, telephone, board travel and depreciation	C
Program travel, training, library, litigation and professional fees	D
Other	E

* Legend for Basis of Allocation of Expenses

- A. Time and effort
- B. Number of employees
- C. Ratio of program expenses
- D. Direct to program
- E. Appropriate allocation

The functional expense allocation ratios for the years ended June 30 are as follows:

Expense Allocation	2022	2021
Program	87%	87%
General & administrative	8%	7%
Fundraising	5%	6%
	<u>100%</u>	<u>100%</u>

Financial Instruments

Crossroads' financial instruments include cash and cash equivalents, contributions receivable, contract and other receivables, prepaid expenses, accounts payable and accrued expenses. Crossroads estimates that the fair value of all financial instruments at June 30, 2022 and June 30, 2021 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022, With Comparative Totals for 2021

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, 2019 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, 2022 and 2021, 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, 2022, 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, 2022, Crossroads was in compliance with those performance metrics.

Subsequent Events

Subsequent events were evaluated through February 21, 2023, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2022, as a result of a fire, losses in the amount of \$81,000 were incurred at the apartment building at 215 Wisconsin (covered by insurance). During the repairs due to the fire, asbestos was discovered at the location, necessitating additional repairs for this issue at the added cost of \$9,000.

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

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

Type	2022	2021
Checking	\$ 122,609	145,516
Clients escrow (restricted)	48,316	20,633
Savings & MM	135,196	229,155
Petty cash	1,156	950
Total	<u>\$ 307,277</u>	<u>396,254</u>

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

Restricted Cash	2022	2021
Donor restricted	\$ 132,821	207,681
Clients escrow	48,316	20,633
	<u>\$ 181,137</u>	<u>228,314</u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

At June 30, Crossroads' investments were comprised of:

Investments	2022	2021
Cash held for investment (FDIC insured)	\$ 252,844	252,820
Total	<u>\$ 252,844</u>	<u>252,820</u>

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

	2022	2021
Beginning balance	\$ 252,820	398,677
Change in market value	-	12,859
Contributions	250,000	250,000
Investment income	24	1,284
Distributions/fees	(250,000)	(410,000)
Ending balance	<u>\$ 252,844</u>	<u>252,820</u>

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

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	2022	2021
	Level 1	Level 1
Investments	\$ 252,844	252,820

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL 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 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 FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

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.

	<u>2022</u>	<u>2021</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 258,961	375,621
Restricted cash	48,316	20,633
Investments, at fair value	252,844	252,820
Contributions receivable	-	595
Contracts and other receivables	383,707	301,407
Less		
Funds held for others	(48,316)	(20,633)
Net assets with donor restrictions	<u>(132,821)</u>	<u>(232,681)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>762,691</u>	<u>697,762</u>

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

6. GRANTS, CONTRACTS, AND ACCOUNTS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
	\$	
<u>Contracts</u>		
Bernalillo County	105,544	86,916
City of Albuquerque	14,079	55,757
New Mexico Correction Department	93,151	83,154
Pathways	1,433	5,144
Medicaid	-	13,371
U.S. Probation/Pretrial Services	12,309	12,684
Total contracts	<u>226,516</u>	<u>257,026</u>
<u>Grants</u>		
Bernalillo County	19,941	-
United Way	75,000	15,000
Albuquerque Community Foundation	15,000	10,000
Sparkle Fund	10,000	-
Other	37,250	19,976
Total grants	<u>157,191</u>	<u>44,976</u>
Total	<u>\$ 383,707</u>	<u>302,002</u>

7. PREPAID EXPENSES

Prepaid expenses at June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Insurance	\$ 1,110	808
Rents	821	-
Mortgage	3,340	-
Total	<u>\$ 5,271</u>	<u>808</u>

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

8. PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Land	\$ 301,610	190,000	-	491,610
Building	1,709,122	760,000	-	2,469,122
Equipment	14,949	-	-	14,949
Vehicles	7,200	-	-	7,200
Leasehold improvements	-	343,609	-	343,609
Total property and equipment	<u>2,032,881</u>	<u>1,293,609</u>	<u>-</u>	<u>3,326,490</u>
Less accumulated depreciation	<u>(31,799)</u>	<u>(73,800)</u>	<u>-</u>	<u>(105,599)</u>
Property and equipment, net	<u>\$ 2,001,082</u>	<u>1,219,809</u>	<u>-</u>	<u>3,220,891</u>

Depreciation expense was \$73,800 in 2022 and \$17,747 in 2021.

9. ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Accrued wages	\$ 25,751	21,907
Accrued annual leave	33,565	45,611
Accrued payroll taxes and benefits	<u>30,387</u>	<u>970</u>
Total	<u>\$ 89,703</u>	<u>68,488</u>

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

10. ACCOUNTS PAYABLE

Accounts payable at the end of June are as follows:

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 47,744	30,168

11. DEFERRED REVENUE

Deferred revenue consists of prepaid client's rent and deferred capital grant. At the end of June 30, deferred revenue is as follows:

<u>Unearned revenue</u>	<u>2022</u>	<u>2021</u>
Deferred occupancy fees	\$ 1,283	-
Deferred capital grant	600,000	-
Total	\$ 601,283	-

Contingency for Deferred capital grant

As a condition of the capital grant provided by the New Mexico Mortgage Finance Authority (NMMFA) to purchase the Wisconsin apartment complex, the facility is under a land use restriction agreement (LURA). The restriction requires the facility to be maintained as recovery housing for low-to-moderate income individuals directly impacted by Substance Use Disorder (SUD) for thirty years or the date the property is sold to an eligible program participant. Crossroads for Women should not transfer, assign, dispose of, encumber, or refinance the property without written approval by the NMMFA. If Crossroads proposes refinancing the mortgage on the facility, NMMFA must approve the refinancing in writing and may negotiate and amend, in whole or in part, the land use restriction agreement (LURA). The LURA will be released upon the sale of the property to an eligible program participant or at the end of the restriction period.

12. 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 for the year ended June 30, 2021 was 5.65%.

The line of credit was terminated on February 18, 2021. The line of credit was no longer active at the end of year June 30, 2022.

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022, With Comparative Totals for 2021

13. 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 the fiscal year ended June 30, 2022 and \$226,314 in the year ended June 30, 2021 (the entirety of the \$318,147 original PPP loan). The PPP loan was forgiven on September 14, 2021. See Note 2 for revenue recognition.

14. NOTE PAYABLE

Loan#1

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 has an interest rate of 3.35% and a maturity date of March 5, 2028. The second mortgage of \$555,520 has an interest rate of 3.75%, maturity date of September 5, 2021, and 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.

Loan#2

Crossroads for Women entered in another mortgage agreement for \$337,740 with the same lender on April 28, 2022 to purchase another building on Wisconsin Street. The mortgage has an interest rate of 3.99% and a maturity date of April 28, 2037.

Collateral consists of title and interest in and to all present and future leases of the property and all rents from the property. In addition, Crossroads for Women granted to the lender a Uniform Commercial Code security interest in the personal property and rents.

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

The future mortgage payments are as follows:

<u>Fiscal Year</u>		<u>Loan #1</u>	<u>Loan #2</u>	<u>Total</u>
2023	\$	18,198	16,835	35,033
2024		18,768	17,494	36,262
2025		19,473	18,250	37,723
2026		20,145	19,002	39,147
2027		20,840	19,785	40,625
Thereafter		553,653	241,127	794,780
Total	\$	<u>651,077</u>	<u>332,493</u>	<u>983,570</u>

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

<u>Type</u>	<u>Amount</u>
Short-term	\$ 35,033
Long-term	<u>948,537</u>
	<u>\$ 983,570</u>

15. NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Type</u>	<u>2021</u>	<u>Additions</u>	<u>Released</u>	<u>2022</u>	<u>Time/Purpose restriction</u>
Other donations - school supplies	\$ 175	-	-	175	School supplies
Other donations - client centered events	200	-	(200)	-	Client center events
Holiday wishlist	237	-	-	237	Client gift purchases
Toyota matching grant	374	-	(374)	-	Other
Birthday parties	581	-	-	581	Children's birthday parties
Hygiene & cleaning supplies	606	-	-	606	Hygiene and cleaning supplies for clients
United Way grant	788	-	-	788	Feeding Families
Facebook technology grant	1,000	-	(1,000)	-	Computer Lab at Pavilions
Aftercare	1,404	-	(1,404)	-	Aftercare/POPSS Program
Rotary Club - Del Norte	2,000	-	-	2,000	Kitchen upgrade
Scholarships	2,607	-	(1,400)	1,207	Ongoing client scholarships
Holiday food boxes	3,632	-	-	3,632	Holiday food boxes for clients
Cross New Roads campaign	7,089	-	-	7,089	For purchase of van
Albuquerque Community Foundation	10,000	-	-	10,000	Kitchen upgrade
PNMR Foundation	10,000	-	(10,000)	-	FY22 Grant for POPSS Program
United Way grant	15,000	75,000	(15,000)	75,000	FY22 Grant for POPSS Program
Albuquerque Community Foundation	20,772	-	(25,206)	(4,434)	Housing
Sandia National Laboratories/ Honeywell Foundation	27,292	-	(24,411)	2,881	Family support
Hogares grant	128,924	-	(70,865)	58,059	New building purchase and improvements
Alvina Junio Memorial Foundation	-	50,000	-	50,000	Anniversary gala
Sparkle Fund	-	10,000	-	10,000	Renovations of two rooms
Total	\$ <u>232,681</u>	<u>135,000</u>	<u>(149,860)</u>	<u>217,821</u>	

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

16. IN-KIND DONATIONS

In-kind donations at June 30 are as follows:

Type of contributions	2022	2021	Usage in Programs/Activities	Donor restriction	Fair Value Techniques
In-kind goods	\$ 207,786	97,007	Program	none	1
Construction services (capitalized)	60,716	-	Program	Construction project	1
Vehicle	-	4,300	Program	none	2
	<u>\$ 268,502</u>	<u>101,307</u>			

* Legend for Fair Value Techniques

1. Estimated prices of identical or similar products if purchased in the region
2. Estimated based on fair market value (Blue Book, etc.)

17. 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 three customers as a percentage of total revenue is as shown below as of June 30:

	2022	%	2021	%
NM Corrections Department	\$ 1,118,515	33%	837,712	20%
NM Mortgage and Finance Authority	600,000	18%	-	0%
Bernalillo County	549,155	16%	1,801,333	44%
Total	<u>\$ 2,267,670</u>	<u>66%</u>	<u>2,639,045</u>	<u>64%</u>
 Total revenue	 <u>\$ 3,424,238</u>		 <u>4,106,117</u>	

Geographical Concentration

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

CROSSROADS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022, With Comparative Totals for 2021

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. At the end of June 30, 2022, certain Crossroads' bank balances were uninsured and uncollateralized by \$18,371. At the end of June 30, 2021, all bank balances were insured.

18. 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 in 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, 2022, future minimum lease payments on the leases are as follows:

<u>Year Ending June 30:</u>		<u>Space (office and client housing)</u>	<u>Office Equipment</u>	<u>Total</u>
2023	\$	37,150	1,608	38,758
2024		-	1,608	1,608
2025		-	402	402
2026		-	-	-
2027		-	-	-
Total	\$	<u>37,150</u>	<u>3,618</u>	<u>40,768</u>

The lease expense for Maya's Place was \$83,690 for the year ended June 30, 2022 and \$85,480 for 2021.

**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 and Management
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, 2022, 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 February 21, 2023.

Report on 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

February 21, 2023

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

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 or significant deficiencies may exist that have not been identified.

Report on 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

February 21, 2023

CROSSROADS FOR WOMEN
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2022

SUMMARY OF FINDINGS

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