



**LOFTIS GROUP** LLC  
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS

# **Crossroads for Women**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2013 and 2012

# 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, 2013 and 2012, 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.

### **Auditor's 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.

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, 2013 and 2012, 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 19, 2014, 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 <sup>uc</sup>

Albuquerque, New Mexico  
March 19, 2014

## Financial Statements

**Crossroads for Women**  
**Statements of Financial Position**  
**December 31,**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current assets		
Cash and cash equivalents	\$ 52,688	\$ 164,046
Restricted cash	426	5,226
Contributions receivable	37,500	30,838
Contracts, Medicaid, and other receivables	40,392	31,164
Prepays	9,270	412
Total current assets	140,276	231,686
Investments	34,687	-
Equipment, net	17,466	19,129
Total assets	<u>\$ 192,429</u>	<u>\$ 250,815</u>
Current liabilities		
Accounts payable	\$ 212	\$ 2,846
Accrued expenses	45,564	41,616
Deferred revenue	-	17,075
Funds held for others	426	5,226
Total current liabilities	46,202	66,763
Net assets		
Unrestricted	79,168	128,172
Temporarily restricted	67,059	55,880
Total net assets	146,227	184,052
Total liabilities and net assets	<u>\$ 192,429</u>	<u>\$ 250,815</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>
<b>Support and revenue</b>			
Contracts	\$ 650,085	\$ -	\$ 650,085
Contributions and grants	168,356	67,059	235,415
Medicaid	2,500	-	2,500
Client reimbursements	15,848	-	15,848
In-kind contributions	32,472	-	32,472
Seminar	10,208	-	10,208
Other	12,214	-	12,214
Interest	116	-	116
Net assets released from restriction	55,880	(55,880)	-
Total support and revenue	<u>947,679</u>	<u>11,179</u>	<u>958,858</u>
<b>Expenses</b>			
Program services	911,172	-	911,172
Supporting services			
Management and general	67,193	-	67,193
Fundraising	18,318	-	18,318
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>
<b>Net assets, end of year</b>	<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 Activities**  
**For the Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contracts	\$ 614,112	\$ -	\$ 614,112
Contributions and grants	158,930	51,712	210,642
Medicaid	18,531	-	18,531
Client reimbursements	26,171	-	26,171
In-kind contributions	29,972	-	29,972
Seminar	21,203		
Other	7,331	-	7,331
Interest	215	-	215
Net assets released from restriction	42,253	(42,253)	-
Total support and revenue	<u>918,718</u>	<u>9,459</u>	<u>928,177</u>
<b>Expenses</b>			
Program services	855,817	-	855,817
Supporting services			
Management and general	65,801	-	65,801
Fundraising	18,731	-	18,731
Total supporting services expenses	<u>84,532</u>	<u>-</u>	<u>84,532</u>
Total expenses	<u>940,349</u>	<u>-</u>	<u>940,349</u>
Change in net assets	(21,631)	9,459	(12,172)
Net assets, beginning of year	149,803	46,421	196,224
<b>Net assets, end of year</b>	<u><u>\$ 128,172</u></u>	<u><u>\$ 55,880</u></u>	<u><u>\$ 184,052</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, 2013**

	Program	Management and General	Fundraising	Total
Salaries	427,117	38,021	11,969	477,107
Payroll taxes	36,145	3,218	1,013	40,376
Employee benefits	47,209	-	1,215	48,424
Occupancy	26,071	6,862	-	32,933
Telephone and utilities	12,585	3,123	-	15,708
Supplies	5,419	635	127	6,181
Client housing and support	259,834	-	-	259,834
Program	3,988	-	-	3,988
Postage and shipping	1,497	-	993	2,490
Training	1,417	-	-	1,417
Travel	9,769	616	-	10,385
Professional fees	6,010	11,198	1,700	18,908
Contract Labor	3,283	-	-	3,283
Miscellaneous	5,793	-	802	6,595
Depreciation	5,663	1,000	-	6,663
Repairs and maintenance	4,445	933	-	5,378
Storage	4,632	-	-	4,632
Insurance	17,823	1,587	499	19,909
Contributed materials	32,472	-	-	32,472
	<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**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2012**

	Program	Management and General	Fundraising	Total
Salaries	\$ 404,814	\$ 36,036	\$ 11,344	\$ 452,194
Payroll taxes	33,906	3,018	950	37,874
Employee benefits	31,658	-	815	32,473
Occupancy	28,496	7,500	-	35,996
Telephone and utilities	12,090	3,000	-	15,090
Supplies	8,539	1,000	200	9,739
Client housing and support	254,205	-	-	254,205
Program	6,275	-	-	6,275
Postage and shipping	1,207	-	800	2,007
Training	50	-	-	50
Travel	6,346	400	-	6,746
Professional fees	11,870	12,516	3,358	27,744
Miscellaneous	1,569	-	861	2,430
Depreciation	5,663	1,000	-	6,663
Repairs and maintenance	155	52	-	207
Storage	4,632	-	-	4,632
Insurance	14,370	1,279	403	16,052
Contributed materials	29,972	-	-	29,972
	<u>\$ 855,817</u>	<u>\$ 65,801</u>	<u>\$ 18,731</u>	<u>\$ 940,349</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>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
Cash received from contracts and medicaid	\$ 626,282	\$ 675,770
Cash received from contributions and grants	194,066	206,477
Cash received from program services	26,056	47,374
Other cash receipts	12,214	7,331
Cash paid to employees and suppliers	(965,092)	(905,099)
Interest received	116	215
Net cash provided (used) by operating activities	<u>(106,358)</u>	<u>32,068</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(5,000)</u>	<u>(2,000)</u>
Net cash used by investing activities	<u>(5,000)</u>	<u>(2,000)</u>
Net increase (decrease) in cash and cash equivalents	(111,358)	30,068
Cash and cash equivalents, beginning of year	<u>164,046</u>	<u>133,978</u>
Cash and cash equivalents, end of year	<u>\$ 52,688</u>	<u>\$ 164,046</u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities</b>		
Change in net assets	<u>\$ (37,825)</u>	<u>\$ (12,172)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	6,663	6,663
Donated investments	(34,687)	-
Changes in assets and liabilities		
Restricted cash	4,800	(5,226)
Contributions receivable	(6,662)	(4,165)
Contracts, Medicaid, and other receivables, net	(9,228)	26,052
Prepays	(8,858)	(89)
Accounts payable	(2,634)	595
Accrued expenses	3,948	(1,891)
Deferred revenue	(17,075)	17,075
Funds held for others	(4,800)	5,226
Total adjustments	<u>(68,533)</u>	<u>44,240</u>
Net cash provided (used) by operating activities	<u>\$ (106,358)</u>	<u>\$ 32,068</u>

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

**Crossroads for Women**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**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, grants and Medicaid reimbursements.

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, 2013 and 2012**

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.

Public Support and Revenue

Grants and other 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, 2013 and 2012**

2) Summary of Significant Accounting Policies — continued

Contracts, Medicaid, and Other Receivables

Contracts, Medicaid, 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, 2013 and 2012.

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, 2013 and 2012**

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, 2010 through 2013 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, Medicaid, and other receivables, prepaids, accounts payable, accrued expenses and Medicaid payable. Crossroads estimates that the fair value of all financial instruments at December 31, 2013 and 2012 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 19, 2014, which is the date the financial statements were available to be issued.

**Crossroads for Women**  
**Notes to Financial Statements**  
**December 31, 2013 and 2012**

**3) Equipment**

Equipment consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 39,878	\$ 34,878
Less accumulated depreciation	<u>(22,412)</u>	<u>(15,749)</u>
Net equipment	<u>\$ 17,466</u>	<u>\$ 19,129</u>

**4) Investments**

Crossroads for Women held investments of approximately \$35,000 at December 31, 2013. There were no investments held at December 31, 2012. 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>2013</u>	<u>2012</u>
Accrued wages	\$ 19,965	\$ 19,323
Accrued annual leave	18,378	15,615
Accrued payroll taxes and benefits	<u>7,221</u>	<u>6,678</u>
Total	<u>\$ 45,564</u>	<u>\$ 41,616</u>

**6) Contingencies**

The contracts with governmental agencies are subject to compliance audits which may result in disallowed expenses. As of December 31, 2013 and 2012, 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, 2013 and 2012**

**7) Temporarily Restricted Net Assets**

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

	<u>2013</u>	<u>2012</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 temporarily restricted net assets	<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>2013</u>	<u>2012</u>
Computer and technology	\$ -	\$ 1,244
Day program	30,000	26,000
Aftercare services	14,168	12,448
Family specialist	11,712	-
Miscellaneous	-	2,561
Total	<u>\$ 55,880</u>	<u>\$ 42,253</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, 2013 and 2012, Crossroads had no uninsured cash balances. Contract revenue from the U.S. Department of Housing and Urban Development (HUD) comprised 33% and 32% of total revenue and support for the years ended December 31, 2013 and 2012, respectively.

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, 2013, 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 19, 2014.

**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 <sup>uc</sup>

Albuquerque, New Mexico  
March 19, 2014

**Crossroads for Women**  
**Schedule of Findings and Responses**  
**December 31, 2013**

**Section I — Finding**

**None**

**Crossroads for Women**  
**Summary Schedule of Prior Year Audit Findings**  
**December 31, 2013**

**Section II — Summary Schedule of Prior Year Audit Findings**

None