

CROSSROADS

FINANCIAL STATEMENTS

Year Ended December 31, 2022

CROSSROADS

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Crossroads
5290 Canal Boulevard
New Orleans, LA 70124-1712

Opinion

We have audited the accompanying financial statements of Crossroads (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 present fairly, in all material respects, the financial position of Crossroads as of December 31, 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 the ability of Crossroads to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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 the ability of Crossroads 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 Summarized Comparative Information

We have previously audited the 2021 financial statements of Crossroads, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer from Public Funds is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2023, on our consideration of the internal control over financial reporting of Crossroads 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 solely 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 the effectiveness of Crossroads' 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 the internal control over financial reporting and compliance.


Metairie, Louisiana
July 19, 2023

CROSSROADS
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022
(With Summarized Financial Information at December 31, 2021)

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash | \$1,156,171 | \$ 933,525 |
| Accounts Receivable | 27,511 | 22,107 |
| Grants Receivable, Net | <u>270,967</u> | <u>273,170</u> |
| <i>Total Current Assets</i> | <u>1,454,649</u> | <u>1,228,802</u> |
| <u>OTHER ASSETS</u> | | |
| Grants Receivable, Net | <u>226,267</u> | <u>459,530</u> |
| <i>Total Assets</i> | <u>\$1,680,916</u> | <u>\$1,688,332</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accrued Expenses | \$ 20,136 | \$ 14,767 |
| Other Liabilities | <u>0</u> | <u>67,407</u> |
| <i>Total Current Liabilities</i> | <u>20,136</u> | <u>82,174</u> |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | 1,624,173 | 1,502,988 |
| With donor restrictions | <u>36,607</u> | <u>103,170</u> |
| <i>Total Net Assets</i> | <u>1,660,780</u> | <u>1,606,158</u> |
| <i>Total Liabilities and Net Assets</i> | <u>\$1,680,916</u> | <u>\$1,688,332</u> |

See accompanying notes to financial statements.

CROSSROADS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

(With Summarized Financial Information for Year Ended December 31, 2021)

| | <u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u> | <u>2022</u> <u>TOTAL</u> | <u>2021</u> <u>TOTAL</u> |
|--|---|--|-----------------------------|-----------------------------|
| <u>SUPPORT, OTHER REVENUE,</u> | | | | |
| <u>GAINS AND LOSSES</u> | | | | |
| Contributions | \$ 272,403 | \$ 640 | \$ 273,043 | 287,229 |
| Interest Income | 2,754 | 0 | 2,754 | 2,681 |
| Grant Income | 1,738 | 0 | 1,738 | 732,700 |
| Government Grants | 66,581 | 72,370 | 138,951 | 0 |
| Government Grant - Paycheck Protection Program | 67,407 | 0 | 67,407 | 67,500 |
| Training Income | 274,342 | 0 | 274,342 | 198,608 |
| Miscellaneous Income | 72 | 0 | 72 | 0 |
| Net assets released from restrictions | <u>139,573</u> | <u>(139,573)</u> | <u>0</u> | <u>0</u> |
| Total Support, Other Revenue, Gains and Losses | <u>824,870</u> | <u>(66,563)</u> | <u>758,307</u> | <u>1,288,718</u> |
| <u>EXPENSES</u> | | | | |
| Program Services: | | | | |
| Foster Care | 303,253 | 0 | 303,253 | 253,919 |
| Child Welfare | <u>272,334</u> | <u>0</u> | <u>272,334</u> | <u>198,465</u> |
| Total Program Services | <u>575,587</u> | <u>0</u> | <u>575,587</u> | <u>452,384</u> |
| Supporting Services: | | | | |
| Management and general | 45,863 | 0 | 45,863 | 68,134 |
| Fundraising | <u>82,235</u> | <u>0</u> | <u>82,235</u> | <u>68,401</u> |
| Total Supporting Services | <u>128,098</u> | <u>0</u> | <u>128,098</u> | <u>136,535</u> |
| Total Expenses | <u>703,685</u> | <u>0</u> | <u>703,685</u> | <u>588,919</u> |
| <u>CHANGE IN NET ASSETS</u> | 121,185 | (66,563) | 54,622 | 699,799 |
| NET ASSETS - BEGINNING OF YEAR | <u>1,502,988</u> | <u>103,170</u> | <u>1,606,158</u> | <u>906,359</u> |
| NET ASSETS - END OF YEAR | <u>\$1,624,173</u> | <u>\$ 36,607</u> | <u>\$1,660,780</u> | <u>\$1,606,158</u> |

See accompanying notes to financial statements.

CROSSROADS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for Year Ended December 31, 2021)

| | Program Services | | | Supporting Services | | | 2022 Total | 2021 Total |
|------------------------|-------------------|-------------------|------------------------------|------------------------------|------------------|---------------------------------|-------------------|-------------------|
| | Foster Care | Child Welfare | Total Program Services | Management and General | Fund- Raising | Total Supporting Services | | |
| Accounting | \$ 0 | \$ 21 | \$ 21 | \$ 12,439 | \$ 0 | \$ 12,439 | \$ 12,460 | \$ 12,127 |
| Bank fees | 0 | 405 | 405 | 20 | 1,113 | 1,133 | 1,538 | 1,085 |
| Contract labor | 36,832 | 29,537 | 66,369 | 0 | 800 | 800 | 67,169 | 65,790 |
| Dues and subscriptions | 1,910 | 0 | 1,910 | 0 | 0 | 0 | 1,910 | 750 |
| Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,214 |
| Licenses and permits | 0 | 0 | 0 | 15 | 0 | 15 | 15 | 788 |
| Meals | 9,145 | 8,840 | 17,985 | 1,124 | 215 | 1,339 | 19,324 | 34,229 |
| Miscellaneous | 760 | 309 | 1,069 | 0 | 154 | 154 | 1,223 | 4,991 |
| Office | 1,800 | 1,074 | 2,874 | 1,639 | 720 | 2,359 | 5,233 | 5,558 |
| Personnel | 218,939 | 201,895 | 420,834 | 23,056 | 69,160 | 92,216 | 513,050 | 386,210 |
| Postage and delivery | 2,838 | 0 | 2,838 | 0 | 4,511 | 4,511 | 7,349 | 4,726 |
| Professional fees | 0 | 0 | 0 | 145 | 0 | 145 | 145 | 20,000 |
| Promotional | 1,200 | 0 | 1,200 | 4,000 | 1,938 | 5,938 | 7,138 | 4,669 |
| Rent | 1,409 | 1,771 | 3,180 | 168 | 463 | 631 | 3,811 | 9,417 |
| Supplies | 20,240 | 3,704 | 23,944 | 2,816 | 2,890 | 5,706 | 29,650 | 27,755 |
| Travel | 7,348 | 8,978 | 16,326 | 191 | 271 | 462 | 16,788 | 7,216 |
| Training/Education | 832 | 15,800 | 16,632 | 250 | 0 | 250 | 16,882 | 394 |
| <i>Total Expenses</i> | <u>\$ 303,253</u> | <u>\$ 272,334</u> | <u>\$ 575,587</u> | <u>\$ 45,863</u> | <u>\$ 82,235</u> | <u>\$ 128,098</u> | <u>\$ 703,685</u> | <u>\$ 588,919</u> |

See accompanying notes to financial statements.

CROSSROADS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for
Year Ended December 31, 2021)

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 54,622 | \$ 699,799 |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities: | | |
| PPP liability forgiven | (67,407) | (67,500) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,404) | (16,337) |
| Grants receivable | 235,466 | (572,700) |
| Accrued expenses | <u>5,369</u> | <u>6,494</u> |
| Net Cash Provided by Operating Activities | <u>222,646</u> | <u>49,756</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| PPP funds received | <u>0</u> | <u>67,407</u> |
| Net Cash Provided by Financing Activities | <u>0</u> | <u>67,407</u> |
| Net Increase in Cash and Cash Equivalents | 222,646 | 117,163 |
| Cash at Beginning of Year | <u>933,525</u> | <u>816,362</u> |
| Cash at End of Year | <u>\$1,156,171</u> | <u>\$ 933,525</u> |
| <u>Supplemental Schedule of Cash Flow Information</u> | | |
| Cash paid during the year for - | | |
| Interest - Net of capitalized amounts | \$ <u>0</u> | \$ <u>0</u> |
| Income taxes | \$ <u>0</u> | \$ <u>0</u> |
| <u>Supplemental Schedule of Noncash Investing and Financing Activities</u> | | |
| PPP liability forgiven | \$ <u>67,407</u> | \$ <u>67,500</u> |

See accompanying notes to financial statements.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

A. General Information

Crossroads NOLA, Inc. was organized and incorporated in June 2005 as a non-profit Louisiana corporation. As of August 30, 2022 Crossroads NOLA, Inc. changed its name to Crossroads. The programs of Crossroads, Foster Care and Child Welfare, connect children in crisis to the families, individuals and opportunities they need to thrive primarily through training, education, recruitment, development and support to foster families in Louisiana.

B. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services:

Foster Care

Crossroads aims to create and strengthen a network of churches in Southeast Louisiana committed to supporting children in foster care and to recruit, develop, and support foster families from within the Christian community.

Child Welfare

Crossroads provides trauma informed training in Trust-Based Relational Intervention (TBRI) for child welfare professionals.

Management and General

Management and general includes the functions necessary to maintain equitable employment, ensure an adequate working environment, provide coordination and articulation of the programs of Crossroads, secure proper administrative functioning of the Board of Trustees, maintain competent professional services for program administration, and manage financial responsibilities.

Fundraising

Fundraising provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations.

C. Accounting Policies

Significant accounting policies followed by Crossroads are summarized as follows:

Method of Accounting

Assets and liabilities, and support, revenue, and expenses are recognized on the accrual basis of accounting.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

Accounting Policies (Continued)

Basis of Presentation

Crossroads reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor requirements. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of Crossroads. Certain restrictions may be needed to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Cost Allocation

The financial statements report expenses that are attributable to one or more programs or supporting services of Crossroads. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on time and where efforts are spent.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

For the purposes of the *Statement of Cash Flows*, Crossroads considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. There were no restricted cash balances at December 31, 2022.

Concentration of Credit Risk

Crossroads maintains its cash in bank deposit accounts, which at times, may exceed federally-insured limits. Crossroads believes it is not exposed to any significant credit risk on cash and cash equivalents.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

Accounting Policies (Continued)

Concentration of Credit Risk (Continued)

Crossroads had no cash in excess of federally-insured limits at December 31, 2022.

Property and Equipment

Purchases greater than \$1,000 are capitalized at their purchase price or, in the case of a contributed assets, at its fair market value at the date of receipt.

Revenue and Revenue Recognition

Revenue for training income is recognized when earned. Fees received in advance are deferred to the applicable period in which the training sessions are performed, or expenditures are incurred, respectively. Economic factors such as competition with other training and education programs may impact the amount and certainty of revenues and cash flows. There are no contract assets nor contract liabilities at January 1, 2022 and December 31, 2022. There are receivables of \$22,107 and \$27,511 from contracts related to training income at January 1, 2022 and December 31, 2022, respectively.

Contributed Support

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property and equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchases of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

Accounting Policies (Continued)

Promises to give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Income Taxes

Crossroads is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Crossroads may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Crossroads and various positions related to the potential sources of unrelated business taxable income. Crossroads has analyzed its tax positions taken for any filings with the Internal Revenue Service. Crossroads believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial condition of Crossroads, results of operations, or cash flows. Accordingly, Crossroads has not recorded any tax assets or liabilities, or related accruals for interest and penalties, for uncertain income tax positions at December 31, 2022.

Crossroads is subject to taxation in the United States and Louisiana. For tax years 2019, 2020, and 2021, Crossroads is subject to examination by the tax authorities. With few exceptions, as of December 31, 2022, Crossroads is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for tax years before 2019.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

Accounting Policies (Continued)

Retirement Plan

Crossroads participates in a tax-sheltered annuity plan (the "Plan") qualified under Section 403(b) of the Internal Revenue Code. All employees, except leased employees and nonresident aliens, may participate in the Plan by making contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. Crossroads may make matching or non-matching contributions to the Plan at its discretion. Retirement plan expense for the year ended December 31, 2022 was \$17,880.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3). In 2022, Crossroads had no Level 1, Level 2, or Level 3 inputs.

Reclassification

Certain reclassifications were made to the 2021 summarized financial information to conform to the 2022 financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through July 19, 2023, which is the date the financial statements were available to be issued.

D. Grants Receivable

Grants receivable are as follows:

| | |
|---------------------------------------|------------------|
| For subsequent periods | \$505,967 |
| Other | <u>0</u> |
| <i>Total grants receivable</i> | <u>\$505,967</u> |
| Receivable in less than one year | \$270,967 |
| Receivable in one to five years | 235,000 |
| Receivable in more than five years | <u>0</u> |
| <i>Total grants receivable</i> | 505,967 |
| Less: discounts to present value | 8,733 |
| Less: allowance for doubtful accounts | <u>0</u> |
| <i>Net grants receivable</i> | <u>\$497,234</u> |

CROSSROADS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
DECEMBER 31, 2022

Grants Receivable (Continued)

Crossroads considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

E. Donor Restrictions on Net Assets

Donor restricted net assets are available for the following purposes:

| | |
|--|-----------------|
| Foster Care - purpose | \$35,967 |
| Welcome basket | 140 |
| Orleans Parish Juvenile Court calming studio | <u>500</u> |
| | <u>\$36,607</u> |

The following net assets with donor restrictions were released from restrictions during the year:

| | |
|---------------|------------------|
| Foster Care | \$101,403 |
| Child Welfare | <u>38,170</u> |
| | <u>\$139,573</u> |

F. Grants

In November 2021, Crossroads entered into a grant agreement with Baptist Community Ministries. The objective of the grant is to help with foster care and adoption of children in the Greater New Orleans area. Crossroads will receive \$705,000 over a three-year period. In 2022, Crossroads received \$235,000. There is a contribution receivable of \$470,000 at December 31, 2022. There is a .5% discount associated with the future receivables that totals \$8,733 at December 31, 2022.

In August 2022, Crossroads entered into a cooperative endeavour agreement with the State of Louisiana (the "State"). The State has appropriated up to \$100,000 in its budget for Crossroads. Four quarterly payments, reimbursing salaries paid and allocated to the Foster Care program, will be made subject to the State receiving quarterly progress reports from Crossroads. Crossroads received \$36,403 from the State as of December 31, 2022 after furnishing the first quarterly report. In February 2023, Crossroads received an additional \$35,967 from the State after furnishing the second quarterly report. Crossroads anticipates receiving the remaining \$27,630 in 2023.

Crossroads received 99% of grant income from three grantors in 2022. The revenue from these grants accounted for 27% of total revenue.

CROSSROADS
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

G. Liquidity and Availability of Financial Assets

The following reflects the financial assets of Crossroads as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

| | |
|---|--------------------|
| Financial Assets | \$1,680,916 |
| Less: Amounts unavailable for general expenditures within one year | <u>226,267</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$1,454,649</u> |

As part of its liquidity management, Crossroads has a policy to structure its financial assets to be available for general expenditures, liabilities, and as other obligations become due.

H. Conditional Contribution - Paycheck Protection Program

During 2021, Crossroads applied for and received a second draw loan of \$67,407 from the Small Business Administration (SBA)'s Paycheck Protection Program (PPP), which is included in "Other Liabilities" in the *Statement of Financial Position*. The transfer of assets was deemed to be a conditional contribution upon receipt of the funds and Crossroads adopted a policy to recognize contribution income when the SBA approves its loan forgiveness application. Forgiveness of the second draw PPP loan of \$67,407 was applied for and approved in 2022. The income from forgiveness is included in "Government Grant - Paycheck Protection Program" in the accompanying Statement of Activities.

SUPPLEMENTARY INFORMATION

CROSSROADS
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FROM PUBLIC FUNDS
YEAR ENDED DECEMBER 31, 2022

No compensation, reimbursements, and benefits were paid to the chief executive officer from public funds.

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(Retired)
RENE G. GAUTREAU, C.P.A.
(1958-2019)

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

To the Board of Trustees
Crossroads
5290 Canal Boulevard
New Orleans, LA 70124-1712

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 (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 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 July 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization'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.

**The Board of Trustees
Crossroads**

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

Crossroads' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Crossroads' response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Crossroads' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Metairie, Louisiana
July 19, 2023

CROSSROADS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Crossroads were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Crossroads were disclosed during the audit.
4. No significant deficiencies or material weaknesses are reported in the auditor's report on internal control over financial reporting and on compliance.
5. One instance of noncompliance is reported in the auditor's report on internal control over financial reporting and on compliance. This finding is included in this schedule as Finding 2022-001.

FINDING 2022-001:

Condition: A non-emergency extension was obtained; however, Crossroads failed to submit the annual financial report by the statutory due date.

Criteria: In accordance with the Louisiana Governmental Audit Guide, if a non-emergency extension request is approved for a report, that report is required to include a finding regarding the local auditee's noncompliance with the audit law by failing to submit its annual financial report to the LLA by the statutory due date.

Cause: The audit was not completed in time to submit the annual financial report to the LLA by the statutory due date.

Effect: The annual financial report was not submitted to the LLA by the statutory due date.

Questioned Costs: There were no questioned costs related to this finding.

Perspective Information: This was the first year Crossroads was required to submit their audit to the LLA. They have no previous findings.

Identification of repeat findings: This was not a repeat finding.

Recommendation: Procedures should be implemented to have the audit completed more timely and to submit the annual financial report to the LLA by the statutory due date.

Views of Management and Planned Corrective Actions: Crossroads agrees with the finding and the recommended procedures have been implemented.