

*AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

**CROSSROADS YOUTH &
FAMILY SERVICES, INC.**

June 30, 2021

**Audited Financial Statements
and Supplementary Information**

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

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Independent Auditors' Report

To the Board of Directors
Crossroads Youth & Family Services, Inc.
Norman, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Crossroads Youth & Family Services, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Revenues and Expenses by State Funding Source and Contract for the year ended June 30, 2021, as required by the State of Oklahoma, are presented for purposes of additional analysis and are 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 January 25, 2022, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Rose Rock CPAs PLLC

Edmond, Oklahoma
January 25, 2022

STATEMENTS OF FINANCIAL POSITION
CROSSROADS YOUTH & FAMILY SERVICES, INC.

ASSETS	June 30	
	2021	2020
Current assets:		
Cash	\$ 675,114	\$ 338,181
Certificate of deposit	350,351	341,107
Accounts receivable	543,231	752,593
Other assets	<u>41,781</u>	<u>74,300</u>
Total current assets	1,610,477	1,506,181
Property and equipment:		
Land	73,418	73,418
Buildings	3,373,189	2,978,544
Leasehold improvements	2,264,624	2,016,803
Vehicles	286,004	249,755
Furniture and equipment	1,855,328	1,540,232
Computers and software	172,834	172,834
Less accumulated depreciation	<u>3,448,458</u>	<u>3,108,103</u>
Property and equipment, net	<u>4,576,939</u>	<u>3,923,483</u>
TOTAL ASSETS	<u>\$ 6,187,416</u>	<u>\$ 5,429,664</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 169,471	\$ 203,948
Accrued expenses	481,643	541,624
Paycheck Protection Program deferred revenue	<u>-</u>	<u>156,200</u>
Total current liabilities	651,114	901,772
Net assets:		
Without donor restriction	5,403,364	4,476,752
With donor restriction	<u>132,938</u>	<u>51,140</u>
TOTAL NET ASSETS	<u>5,536,302</u>	<u>4,527,892</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,187,416</u>	<u>\$ 5,429,664</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES

CROSSROADS YOUTH & FAMILY SERVICES, INC.

	Year ended June 30, 2021			Year ended June 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT						
Federal contracts	\$ 12,066,605	\$ -	\$ 12,066,605	\$ 11,369,107	\$ -	\$ 11,369,107
In-kind contributions related to federal contracts	664,406	-	664,406	717,356	-	717,356
State contracts	2,033,714	-	2,033,714	2,227,754	-	2,227,754
Municipal revenue	5,000	-	5,000	10,000	-	10,000
Client fees	127,307	-	127,307	169,955	-	169,955
Contributions	48,115	184,724	232,839	4,820	41,227	46,047
Interest income	9,058	-	9,058	9,872	-	9,872
Other	355,338	-	355,338	94,640	-	94,640
Net assets released from restrictions	102,926	(102,926)	-	30,102	(30,102)	-
TOTAL REVENUES AND OTHER SUPPORT	15,412,469	81,798	15,494,267	14,633,606	11,125	14,644,731
EXPENSES						
Program services	12,992,637	-	12,992,637	12,890,068	-	12,890,068
Management and general	1,493,220	-	1,493,220	1,550,137	-	1,550,137
TOTAL EXPENSES	14,485,857	-	14,485,857	14,440,205	-	14,440,205
CHANGE IN NET ASSETS	926,612	81,798	1,008,410	193,401	11,125	204,526
NET ASSETS AT BEGINNING OF YEAR	4,476,752	51,140	4,527,892	4,283,351	40,015	4,323,366
NET ASSETS AT END OF YEAR	\$ 5,403,364	\$ 132,938	\$ 5,536,302	\$ 4,476,752	\$ 51,140	\$ 4,527,892

See notes to financial statements.

STATEMENTS OF CASH FLOWS**CROSSROADS YOUTH & FAMILY SERVICES, INC.**

	Year ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,008,410	\$ 204,526
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	340,355	308,393
Forgiveness of Paycheck Protection Program loan	(156,200)	-
Changes in operating assets and liabilities:		
Accounts receivable	209,362	(317,832)
Other assets	32,519	(8,641)
Accounts payable	(34,477)	29,143
Accrued expenses	(59,981)	71,615
Paycheck Protection Program deferred revenue	-	156,200
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,339,988</u>	<u>443,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(993,811)	(542,634)
Purchases of certificates of deposit, net	<u>(9,244)</u>	<u>(44,981)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,003,055)</u>	<u>(587,615)</u>
NET CHANGE IN CASH	336,933	(144,211)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>338,181</u>	<u>482,392</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 675,114</u>	<u>\$ 338,181</u>

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

CROSSROADS YOUTH & FAMILY SERVICES, INC.

	Year ended June 30, 2021			Year ended June 30, 2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salary and benefits	\$ 8,774,118	\$ 1,115,956	\$ 9,890,074	\$ 8,910,737	\$ 1,052,800	\$ 9,963,537
Rent, utilities and communication	1,164,827	98,638	1,263,465	1,219,350	95,099	1,314,449
Repairs and maintenance	716,466	14,125	730,591	592,604	66,378	658,982
Supplies, postage and printing	792,169	83,638	875,807	526,183	112,579	638,762
Professional fees and dues	123,825	143,748	267,573	134,218	130,293	264,511
Program costs	720,182	133	720,315	767,359	461	767,820
Depreciation	340,355	-	340,355	308,393	-	308,393
Other	360,695	36,982	397,677	431,224	92,527	523,751
TOTAL EXPENSES	<u>\$ 12,992,637</u>	<u>\$ 1,493,220</u>	<u>\$ 14,485,857</u>	<u>\$ 12,890,068</u>	<u>\$ 1,550,137</u>	<u>\$ 14,440,205</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Crossroads Youth & Family Services, Inc. (the "Organization"), located in Norman, Oklahoma, was incorporated April 16, 1985, under the laws of the State of Oklahoma as a not-for-profit corporation. The Organization is a social service agency that supports the healthy lifestyles and emotional well-being of children, youth, and families through the provision of effective, community-based programs and services. Funding and support for the Organization is derived primarily from the state and federal governments along with contributions and donations of supplies and services from the public and the local business community.

Net Assets: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's ("FASB") ASC 958 *Not-for-Profit Entities* (ASC 958). Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions*--Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restriction*--Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for the resource that was restricted has been fulfilled, or both. As of June 30, 2021, the Organization had restricted net assets of \$17,046 for the support of the shelter, \$12,615 for the United Way grant, \$3,326 for the CARMAX grant, \$25,000 for youth services and \$74,951 for the SPUD fund. As of June 30, 2020, the Organization had restricted net assets of \$44,670 for the support of the shelter and \$6,470 for the United Way grant.

Contributions and grants are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction in the statement of activities. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Contributions Receivable: Contributions receivable considered unconditional promises to give, are recognized as revenues in the period received. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any. An allowance for uncollectible receivables is established based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. The Organization had no contributions receivable as of June 30, 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Revenue Recognition:

Contributions and Grants--Contributions and grants, including unconditional promises to give, are recognized as revenues in the period received by the Organization. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Organization prior to fulfilling these conditions, are recorded as a liability until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the gift date. Revenue earned but not yet collected is recorded as a receivable and included in accounts receivable or in contributions receivable in the statements of financial position.

Contracts with Government Agencies--The Organization recognizes contract revenue in the period in which it is earned. Revenue earned but not yet collected is recorded as a receivable and included in accounts receivable in the statements of financial position.

Fees for Services--The Organization recognizes fee revenue in the period in which it is earned (as services are provided). Revenue earned but not yet collected is recognized as accounts receivable in the statements of financial position.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2021 and 2020.

Accounts Receivable: Accounts receivable consists of requests for reimbursement from federal and state award agencies. These requests are primarily based on funds spent from cost reimbursement grants that have been awarded to the Organization. Management periodically reviews the status of all accounts receivable for collectability. Each balance is assessed based on management's knowledge of and relationship with the government agency and the age of the receivable balance. Receivables are normally considered to be delinquent when they become more than 90 days outstanding from the date they were originally billed. A receivable is charged against the allowance when management has determined that all methods for collection of the receivable have been exhausted. Management considers all accounts receivable outstanding at June 30, 2021 and 2020 to be fully collectible. As such, no allowance for uncollectible accounts receivable has been included in the accompanying financial statements.

Property and Equipment: Fixed assets are carried at cost at the date of acquisition or fair value at the date of donation in the case of gifts, less accumulated depreciation and amortization. Asset acquisitions that are determined to have a useful life in excess of one year and a cost greater than or equal to \$5,000 are capitalized. The cost of normal maintenance and repairs that do not add materially to the value of the fixed assets or materially extend the assets' useful lives are expensed when incurred. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-one years.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Concentrations of Credit Risk: Balances held in all deposit accounts, including checking and savings accounts, money market deposit accounts, and certificates of deposit, are insured up to \$250,000 per depositor, per insured bank, for each ownership category at all FDIC insured financial institutions. As of June 30, 2021, all of the Organization's certificates of deposit and demand deposits were insured.

Donated Services: The Organization receives donated services in its activities and programs and records those that create or enhance nonfinancial assets or require specialized skills as in-kind contributions. Those amounts are as follows for the years ended June 30:

	2021	2020
Contributed services	\$ 89,792	\$ 105,007
Facilities usage	574,614	612,349
Total	<u>\$ 664,406</u>	<u>\$ 717,356</u>

The Organization also receives donated services from parent and community volunteers and board members. These donated services do not meet the recognition criteria for inclusion in the financial statements; however, they were valued at \$323,140 and \$804,090 for the years ended June 30, 2021 and 2020, respectively.

Paid Time Off: Employees of the Organization are entitled to paid vacation depending on length of service and other factors. Upon termination, an employee is compensated for any accrued, but unpaid vacation pay up to 160 hours. At June 30, 2021 and 2020, the Organization had accrued \$96,891 and \$82,974, respectively, for unpaid vacation.

Tax Status: The Organization qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. The Organization has not identified any uncertain tax positions as of June 30, 2021 and 2020.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

Functional Allocation of Expenses: The costs of supporting the programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the program and management and general categories based on the indirect expense rate that is calculated based on total payroll plus fringe benefits and approved by the U.S. Department of Labor.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include accumulated depreciation and depreciation expense, which is based on the estimated useful lives of the capitalized assets. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through January 25, 2022, which is the date the financial statements were available to be issued.

New Accounting Pronouncement: In May 2014, the FASB issued an accounting standard classified under FASB ASC Topic 606, Revenue from Contracts with Customers. This accounting standard generally replaces existing guidance by requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This accounting standard applies to all contracts with customers, except those that are within the scope of other Topics in the FASB ASC. Subsequently, the FASB issued amendments to this accounting standard that provided further clarification. These standards amending FASB ASC Topic 606 were effective for annual reporting periods beginning after December 15, 2018. The Organization adopted these accounting standard updates on July 1, 2020 using the modified retrospective approach. The Organization's revenue streams consist of contributions, grants, and fees for services. The revenue that is generated from contributions and grants is outside the scope of Topic 606. The Organization's sources of income that fall within the scope of Topic 606 include income from service fees. The Organization has evaluated Topic 606 on these fee-based income streams and concluded that adoption of the standard did not materially impact its financial statements.

NOTE B--401K PLAN

The Organization sponsors a 401(k) savings plan for its employees. The Organization matches employee contributions up to 4% of compensation under the 401(k) savings plan, and employee contributions are limited to IRS limitations. The Organization's contributions to the 401(k) savings plan were \$139,880 and \$126,264 for the years ended June 30, 2021 and 2020, respectively.

NOTE C--COMMITMENTS AND CONTINGENCIES

The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Organization maintains commercial insurance coverage for each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Organization.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE C--COMMITMENTS AND CONTINGENCIES--CONTINUED

The Organization receives a substantial portion of its total revenues from contracts with the State of Oklahoma and the federal government. These contracts are subject to audit by the state and federal governments or their representatives. Such audits could lead to requests for reimbursement to the state or federal governments for expenditures disallowed, the amount of which, if any, cannot be determined at this time. Additionally, future funding could be affected by government cutbacks.

The Organization is involved in litigation from time-to-time as part of its ongoing operations. Management and legal counsel are not aware of any litigation at June 30, 2021 which would not be covered by insurance.

NOTE D--LEASE OBLIGATIONS

The Organization leases several buildings with various expiration dates, with leases expiring through fiscal year 2035. Rent expense on these leases was \$329,458 and \$329,257 for the years ended June 30, 2021 and 2020, respectively. Minimum future rental payments under the non-cancelable operating leases as of June 30, 2021 are summarized as follows:

Year ended June 30,		
2022	\$	329,859
2023		264,305
2024		264,305
2025		184,505
2026		184,505
Thereafter		<u>737,123</u>
	\$	<u>1,964,602</u>

NOTE E--CONCENTRATION

The Organization receives the majority of its support from the federal government through contracts or grants with the U.S. Department of Health and Human Services and state contracts with the State of Oklahoma, Office of Juvenile Affairs. Although the likelihood of such funding being terminated is not considered probable, the loss of this support would require the Organization to increase revenue from other sources or reduce the scope of its operations.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE F--RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries insurance coverage to protect against losses related to general, property, and auto liabilities, workers' compensation, and employee medical claims.

NOTE G--LIQUIDITY

The Organization has approximately \$1,415,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash, certificate of deposit, and grants receivable. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE H--PAYROLL PROTECTION PROGRAM

In May 2020, the Organization received \$156,200 in funding from the federal government's payroll protection stimulus program in response to the COVID-19 pandemic. The Organization had twenty-four weeks from the time of funding to utilize the funds to primarily support payroll, rent, and utility costs, or they must begin paying the funds back under a note agreement. As of June 30, 2021, the Organization utilized all of the funding over the twenty-four week period for eligible expenses. The application was approved for the forgiveness in May 2021. These funds are accounted for under the conditional contributions accounting guidance.

NOTE I--NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. FASB ASU 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. FASB ASU 2016-02 redefines the term "lease" to mean "conveys the right to control the use of identified property, plant, and equipment for a period of time in exchange for consideration." Control over the use of the identified asset means that the customer has both (1) the right to obtain substantially all of the economic benefits from the use of the asset and (2) the right to direct the use of the asset.

- Lessee Impact: The key impact to lessees is the requirement to show operating leases on the balance sheet through recognizing a Right of Use asset and liability, with the lease liability measured at the present value of the future lease payments and the asset measured at the lease liability adjusted for payments made before lease commencement and initial indirect costs. The leases would be classified into financing leases (recognize interest expense and amortization based on the interest method) and operating leases (recognize rent expense on a straight-line basis over the lease term).

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2021

NOTE I--NEW ACCOUNTING PRONOUNCEMENTS--CONTINUED

- Lessor Impact: The impact to lessors is largely unchanged from that applied under previous GAAP, direct financing lease (recognize any loss upfront, defer profit and account for investment in lease using the interest method) or operating lease (recognize an asset sale and account for investment in the lease using the interest method of the lease term).

FASB ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 requires disaggregation of the amount of contributed nonfinancial assets recognized within the statements of activities by category that depicts the type of contributed nonfinancial assets as well as enhanced disclosures regarding valuation and usage of the contributed nonfinancial assets. The amendments should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021.

Management is currently evaluating the impact adoption of the pronouncements will have on the Organization's financial statements in future reporting periods.



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
Crossroads Youth & Family Services, Inc.
Norman, Oklahoma

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 Youth & Family Services, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2022.

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") 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 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.

Our consideration of internal control was for the limited purpose described in the preceding 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 have not been identified.

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 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.

Rose Rock CPAs PLLC

Edmond, Oklahoma
January 25, 2022



**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Crossroads Youth & Family Services, Inc.
Norman, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Crossroads Youth & Family Services, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rose Rock CPAs PLLC

Edmond, Oklahoma
January 25, 2022

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Expenditures</u>
<i>U.S. Department of Health & Human Services</i>		
<i>Administration for Children and Families</i>		
Head Start Cluster:		
Head Start/Early Head Start	93.600	\$ 11,492,402
Head Start/Early Head Start - CARES	93.600	<u>701,695</u>
Subtotal Headstart Cluster		12,194,097
Passed through State of Oklahoma:		
CCDF Cluster:		
Child Care and Development Block Grant - CARES	93.575	<u>120,700</u>
Subtotal CCDF Cluster		<u>120,700</u>
<i>Total U.S. Department of Health & Human Services</i>		12,314,797
<i>U.S. Department of Agriculture</i>		
Passed through State of Oklahoma:		
Child and Adult Care Food Program	10.558	<u>458,494</u>
<i>Total U.S. Department of Agriculture</i>		<u>458,494</u>
TOTAL FEDERAL PROGRAMS		<u>\$ 12,773,291</u>
State of Oklahoma		
Office of Juvenile Affairs--Community-Based		\$ 793,410
Office of Juvenile Affairs--Community At-Risk Services		52,832
DHS--Food Reimbursement-Shelter		14,611
Oklahoma Education Childcare Partnership		100,000
State of Oklahoma Head Start funding		134,977
Title XIX		73,453
Title XX		<u>311,021</u>
TOTAL STATE OF OKLAHOMA AWARDS		<u>1,480,304</u>
Total Expenditures Related to Financial Awards		<u>\$ 14,253,595</u>

See accompanying notes to schedule of expenditures of federal and state awards.

CROSSROADS YOUTH & FAMILY SERVICES, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS**

June 30, 2021

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) SUB-RECIPIENTS

Of the expenditures presented in the schedule, the Organization did not provide any awards to sub-recipients.

(4) RECONCILIATION OF EXPENDITURES

The following is a reconciliation of the expenditures reported on the Organization's schedule of expenditures of federal and state awards to the expenses on the statement of activities for the year ended June 30, 2021.

Expenditures on the schedule of expenditures of federal and state awards:	\$ 14,253,595
Expenditures of non-federal and non-state awards - Management and general:	<u>232,262</u>
Expenses per the statement of activities.	<u>\$ 14,485,857</u>

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF REVENUES AND EXPENSES BY STATE FUNDING SOURCE AND CONTRACT
FOR THE YEAR ENDED JUNE 30, 2021

State of Oklahoma										
	Passed through U.S. Dept. of Agriculture - Child and Adult Care Food Program	Passed through U.S. Dept. of Health & Human Services - CCDBG - CARES	Office of Juvenile Affairs-- Community- based	State of Oklahoma- Head Start Funding	Office of Juvenile Affairs-- Community At- Risk Services	Title XIX	Title XX	Department of Human Services - Food Reimbursement - Shelter	Oklahoma Education Childcare Partnership	Total
Revenues:										
State contracts	\$ 458,494	\$ 120,700	\$ 728,370	\$ 134,977	\$ 66,245	\$ 99,296	\$ 311,021	\$ 14,611	\$ 100,000	\$ 2,033,714
Total revenues	458,494	120,700	728,370	134,977	66,245	99,296	311,021	14,611	100,000	2,033,714
Expenses:										
Program services	458,494	120,700	793,410	134,977	52,832	73,453	311,021	14,611	100,000	2,059,498
Total expenses	458,494	120,700	793,410	134,977	52,832	73,453	311,021	14,611	100,000	2,059,498
Excess (deficit) of revenues over expenses	\$ -	\$ -	\$ (65,040)	\$ -	\$ 13,413	\$ 25,843	\$ -	\$ -	\$ -	\$ (25,784)

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

SECTION I--SUMMARY OF AUDITORS' RESULTS

Financial Statements

- a. Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP? Unmodified
- b. Internal control over financial reporting:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified? None Reported
- c. Noncompliance material to the financial statements noted? No

Federal Awards

- d. Internal control over major federal programs:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified? None Reported
- e. Type of auditors' report issued on compliance for major federal awards programs? Unmodified
- f. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
- g. The federal award programs tested as major programs include:

CFDA Number

Head Start / Early Head Start	93.600
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- h. A threshold of \$750,000 was used to distinguish between Type A and Type B programs, as those terms are defined by the Uniform Guidance.
- i. For the year ended June 30, 2021, the Organization met the criteria to be a low-risk auditee, as described in the Uniform Guidance.

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--CONTINUED

June 30, 2021

SECTION II--FINANCIAL STATEMENT FINDINGS

Compliance Findings

There are no findings reported under this section.

Internal Control Findings

There are no findings reported under this section.

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Compliance Findings

There are no findings reported under this section.

Internal Control Findings

There are no findings reported under this section.

SECTION IV--SUMMARY OF PRIOR AUDIT FINDINGS

Financial Statement Findings

There are no findings reported under this section.

Federal Award Findings

There are no findings reported under this section.