

*AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

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

June 30, 2022

**Audited Financial Statements
and Supplementary Information**

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Crossroads Youth & Family Services, Inc. (the "Organization"), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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 the Organization's 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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 and state 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 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 February 24, 2023 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 the effectiveness of the Organization's 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
February 24, 2023

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

| ASSETS | June 30 | |
|---|----------------------------|----------------------------|
| | 2022 | 2021 |
| Current assets: | | |
| Cash | \$ 1,200,592 | \$ 1,025,465 |
| Accounts receivable | 798,175 | 543,231 |
| Other assets | <u>32,109</u> | <u>41,781</u> |
| Total current assets | 2,030,876 | 1,610,477 |
| Property and equipment: | | |
| Land | 73,418 | 73,418 |
| Buildings | 3,934,929 | 3,373,189 |
| Leasehold improvements | 3,435,108 | 2,264,624 |
| Vehicles | 295,199 | 286,004 |
| Furniture and equipment | 2,148,176 | 1,855,328 |
| Computers and software | 226,092 | 172,834 |
| Less accumulated depreciation | <u>3,903,100</u> | <u>3,448,458</u> |
| Property and equipment, net | <u>6,209,822</u> | <u>4,576,939</u> |
| TOTAL ASSETS | \$ <u>8,240,698</u> | \$ <u>6,187,416</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 283,475 | \$ 169,471 |
| Accrued expenses | <u>316,806</u> | <u>481,643</u> |
| Total current liabilities | <u>600,281</u> | <u>651,114</u> |
| TOTAL LIABILITIES | 600,281 | 651,114 |
| Net assets: | | |
| Without donor restriction | 7,550,934 | 5,403,364 |
| With donor restriction | <u>89,483</u> | <u>132,938</u> |
| TOTAL NET ASSETS | <u>7,640,417</u> | <u>5,536,302</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>8,240,698</u> | \$ <u>6,187,416</u> |

See notes to financial statements.

STATEMENTS OF ACTIVITIES

CROSSROADS YOUTH & FAMILY SERVICES, INC.

| | Year ended June 30, 2022 | | | Year ended June 30, 2021 | | |
|--|------------------------------|---------------------------|---------------------|------------------------------|---------------------------|---------------------|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Federal contracts | \$ 13,763,766 | \$ - | \$ 13,763,766 | \$ 12,066,605 | \$ - | \$ 12,066,605 |
| In-kind contributions related to federal contracts | 646,661 | - | 646,661 | 664,406 | - | 664,406 |
| State contracts and appropriations | 3,060,553 | - | 3,060,553 | 2,033,714 | - | 2,033,714 |
| Municipal revenue | - | - | - | 5,000 | - | 5,000 |
| Client fees | 139,926 | - | 139,926 | 127,307 | - | 127,307 |
| Contributions | 30,078 | 129,976 | 160,054 | 48,115 | 184,724 | 232,839 |
| Interest income | 6,842 | - | 6,842 | 9,058 | - | 9,058 |
| Other | 147,434 | - | 147,434 | 355,338 | - | 355,338 |
| Net assets released from restriction | 173,431 | (173,431) | - | 102,926 | (102,926) | - |
| TOTAL REVENUES AND OTHER SUPPORT | 17,968,691 | (43,455) | 17,925,236 | 15,412,469 | 81,798 | 15,494,267 |
| EXPENSES | | | | | | |
| Program services | 13,832,098 | - | 13,832,098 | 12,992,637 | - | 12,992,637 |
| Management and general | 1,989,023 | - | 1,989,023 | 1,493,220 | - | 1,493,220 |
| TOTAL EXPENSES | 15,821,121 | - | 15,821,121 | 14,485,857 | - | 14,485,857 |
| CHANGE IN NET ASSETS | 2,147,570 | (43,455) | 2,104,115 | 926,612 | 81,798 | 1,008,410 |
| NET ASSETS AT BEGINNING OF YEAR | 5,403,364 | 132,938 | 5,536,302 | 4,476,752 | 51,140 | 4,527,892 |
| NET ASSETS AT END OF YEAR | \$ 7,550,934 | \$ 89,483 | \$ 7,640,417 | \$ 5,403,364 | \$ 132,938 | \$ 5,536,302 |

See notes to financial statements.

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

| | Year ended June 30 | |
|--|-----------------------|---------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 2,104,115 | \$ 1,008,410 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 469,327 | 340,355 |
| Forgiveness of Paycheck Protection Program loan | - | (156,200) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (254,944) | 209,362 |
| Other assets | 9,672 | 32,519 |
| Accounts payable | 114,004 | (34,477) |
| Accrued expenses | (164,837) | (59,981) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,277,337</u> | <u>1,339,988</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property and equipment purchases | <u>(2,102,210)</u> | <u>(993,811)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(2,102,210)</u> | <u>(993,811)</u> |
| NET CHANGE IN CASH | 175,127 | 346,177 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>1,025,465</u> | <u>679,288</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 1,200,592</u> | <u>\$ 1,025,465</u> |

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

CROSSROADS YOUTH & FAMILY SERVICES, INC.

| | Year ended June 30, 2022 | | | Year ended June 30, 2021 | | |
|-----------------------------------|--------------------------|------------------------|----------------------|--------------------------|------------------------|----------------------|
| | Program Services | Management and General | Total | Program Services | Management and General | Total |
| Salary and benefits | \$ 9,558,571 | \$ 1,376,671 | \$ 10,935,242 | \$ 8,774,118 | \$ 1,115,956 | \$ 9,890,074 |
| Rent, utilities and communication | 1,269,393 | 109,989 | 1,379,382 | 1,164,827 | 98,638 | 1,263,465 |
| Repairs and maintenance | 178,007 | 31,861 | 209,868 | 716,466 | 14,125 | 730,591 |
| Supplies, postage and printing | 651,247 | 245,973 | 897,220 | 792,169 | 83,638 | 875,807 |
| Professional fees and dues | 153,009 | 165,014 | 318,023 | 123,825 | 143,748 | 267,573 |
| Program costs | 990,581 | 422 | 991,003 | 720,182 | 133 | 720,315 |
| Depreciation | 469,327 | - | 469,327 | 340,355 | - | 340,355 |
| Other | 561,963 | 59,093 | 621,056 | 360,695 | 36,982 | 397,677 |
| TOTAL EXPENSES | \$ 13,832,098 | \$ 1,989,023 | \$ 15,821,121 | \$ 12,992,637 | \$ 1,493,220 | \$ 14,485,857 |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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 Restriction*--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, 2022, the Organization had restricted net assets of \$35,599 for the support of the shelter, \$1,851 for car seats, \$14,740 for the Launch program/EPIC boxes, \$22,293 for youth services and \$15,000 for the Lawton Early Childhood program. 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.

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.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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

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, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021 to be fully collectible. As such, no allowance for uncollectible accounts receivable has been included in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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

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.

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, 2022, 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. The in-kind goods and services are recorded at the amount that the Organization would have had to pay for such services. Those amounts are as follows for the years ended June 30:

| | 2022 | 2021 |
|----------------------|-------------------|-------------------|
| Contributed services | \$ 81,211 | \$ 89,792 |
| Facilities usage | 565,450 | 574,614 |
| Total | <u>\$ 646,661</u> | <u>\$ 664,406</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 \$469,045 and \$323,140 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the Organization had accrued \$110,323 and \$96,891, 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, 2022 and 2021.

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.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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

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.

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 February 24, 2023, which is the date the financial statements were available to be issued.

New Accounting Pronouncement: 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 Organization adopted this standard on a retrospective basis on July 1, 2021, with no significant impact on its financial statements or disclosures.

NOTE B--401(K) 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 \$146,219 and \$139,880 for the years ended June 30, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

CROSSROADS YOUTH & FAMILY SERVICES, INC.

June 30, 2022

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.

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, 2022 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 \$348,621 and \$329,458 for the years ended June 30, 2022 and 2021, respectively. Minimum future rental payments under the non-cancelable operating leases as of June 30, 2022 are summarized as follows:

| Year ended June 30, | |
|---------------------|---------------------|
| 2023 | \$ 389,738 |
| 2024 | 303,048 |
| 2025 | 223,247 |
| 2026 | 222,847 |
| 2027 | 203,327 |
| Thereafter | <u>701,667</u> |
| | <u>\$ 2,043,874</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, 2022

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 \$1,909,000 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--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).
- **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. Management is currently evaluating the impact adoption of the pronouncement 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, 2022, 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 February 24, 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.

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 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
February 24, 2023



**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

Opinion on Each Major Federal Program

We have audited Crossroads Youth & Family Services, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

February 24, 2023

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2022

| Federal Grantor/Pass-Through Grantor and Program Title | Federal AL Number | Federal Award Expenditures |
|--|-------------------------|---------------------------------|
| <i><u>U.S. Department of Health & Human Services</u></i> | | |
| <i><u>Administration for Children and Families</u></i> | | |
| Head Start Cluster: | | |
| Head Start/Early Head Start | 93.600 | \$ 13,551,643 |
| Head Start/Early Head Start - CARES | 93.600 | <u>417,921</u> |
| Subtotal Head Start Cluster | | 13,969,564 |
| Passed through State of Oklahoma: | | |
| CCDF Cluster: | | |
| Child Care and Development Block Grant - CARES | 93.575 | <u>394,250</u> |
| Subtotal CCDF Cluster | | <u>394,250</u> |
| <i>Total U.S. Department of Health & Human Services</i> | | 14,363,814 |
| <i><u>U.S. Department of Agriculture</u></i> | | |
| Passed through State of Oklahoma: | | |
| Child and Adult Care Food Program - Emergency Costs | 10.558 | 112,918 |
| Child and Adult Care Food Program | 10.558 | <u>619,611</u> |
| Subtotal Child and Adult Care Food Program | | <u>732,529</u> |
| <i>Total U.S. Department of Agriculture</i> | | <u>732,529</u> |
| TOTAL FEDERAL PROGRAMS | | <u>\$ 15,096,343</u> |
| State of Oklahoma | | |
| Office of Juvenile Affairs--Community-Based | \$ | 787,076 |
| Office of Juvenile Affairs--Community At-Risk Services | | 52,655 |
| DHS--Food Reimbursement-Shelter | | 20,628 |
| Oklahoma Education Childcare Partnership | | 100,000 |
| State of Oklahoma Head Start funding | | 175,717 |
| Title XIX | | 81,036 |
| Title XX | | <u>671,172</u> |
| TOTAL STATE OF OKLAHOMA AWARDS | | <u>1,888,284</u> |
| Total Expenditures Related to Financial Awards | | <u>\$ 16,984,627</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, 2022

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state 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 and state 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 and state 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, 2022.

| | |
|---|----------------------|
| Expenditures on the schedule of expenditures of federal and state awards: | \$ 16,984,627 |
| Capitalized expenditures | (2,102,210) |
| Expenditures of non-federal and non-state awards - Management and general/ in-kind: | <u>938,704</u> |
| Expenses per the statement of activities. | <u>\$ 15,821,121</u> |

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF REVENUES AND EXPENSES BY STATE FUNDING SOURCE AND CONTRACT
FOR THE YEAR ENDED JUNE 30, 2022

| State of Oklahoma | | | | | | | | | | |
|--|---|---|--|---------------------------------------|---|------------------|----------------|---|--|------------------|
| | Passed through State of Oklahoma: U.S. Dept. of Agriculture - Child and Adult Care Food Program | Passed through State of Oklahoma: 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 | \$ 732,529 | \$ 394,250 | \$ 800,332 | \$ 175,717 | \$ 63,439 | \$ 102,486 | \$ 671,172 | \$ 20,628 | \$ 100,000 | \$ 3,060,553 |
| Total revenues | <u>732,529</u> | <u>394,250</u> | <u>800,332</u> | <u>175,717</u> | <u>63,439</u> | <u>102,486</u> | <u>671,172</u> | <u>20,628</u> | <u>100,000</u> | <u>3,060,553</u> |
| Expenses: | | | | | | | | | | |
| Program services | <u>732,529</u> | <u>394,250</u> | <u>787,076</u> | <u>175,717</u> | <u>52,655</u> | <u>81,036</u> | <u>671,172</u> | <u>20,628</u> | <u>100,000</u> | <u>3,015,063</u> |
| Total expenses | <u>732,529</u> | <u>394,250</u> | <u>787,076</u> | <u>175,717</u> | <u>52,655</u> | <u>81,036</u> | <u>671,172</u> | <u>20,628</u> | <u>100,000</u> | <u>3,015,063</u> |
| Excess (deficit) of revenues over expenses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,256</u> | <u>\$ -</u> | <u>\$ 10,784</u> | <u>\$ 21,450</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,490</u> |

CROSSROADS YOUTH & FAMILY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

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:

AL Number

| | |
|-------------------------------|--------|
| Head Start / Early Head Start | 93.600 |
|-------------------------------|--------|

- 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, 2022, 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, 2022

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.