
CROSSROADS CARE CENTER
(A Michigan Non-Profit Corporation)

Financial Report
For the Year Ended
December 31, 2020
With Comparative Totals
For the Year Ended
December 31, 2019



certified public accountants

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CROSSROADS CARE CENTER
Auburn Hills, Michigan

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INDEPENDENT AUDITORS' REPORT

Crossroads Care Center
Auburn Hills, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center, which comprise the statement of financial position as December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended December 31, 2019, derived from those unaudited financial statements, has not been audited, reviewed, or compiled and, accordingly, we express no opinion on it.

Gordon Advisors, P.C.

August 5, 2021

CROSSROADS CARE CENTER
Statement of Financial Position
December 31, 2020 and 2019

	<u>ASSETS</u>		<u>Audited 2020</u>	<u>Unaudited 2019</u>
Cash and equivalents		\$	300,288	\$ 110,434
Prepaid expenses and rent			10,033	8,533
Equipment and leasehold improvements, net			<u>8,601</u>	<u>17,024</u>
Total Assets		\$	<u>318,922</u>	\$ <u>135,991</u>
 <u>LIABILITIES AND NET ASSETS</u> 				
Liabilities				
Accounts payable and other accrued expenses		\$	<u>2,827</u>	\$ <u>1,831</u>
Total Liabilities			<u>2,827</u>	<u>1,831</u>
Net Assets				
Without donor restrictions			310,523	129,289
With donor restrictions			<u>5,572</u>	<u>4,871</u>
Total Net Assets			<u>316,095</u>	<u>134,160</u>
Total Liabilities and Net Assets		\$	<u>318,922</u>	\$ <u>135,991</u>

CROSSROADS CARE CENTER
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Audited 2020		Unaudited 2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions	\$ 457,844	\$ 1,150	\$ 458,994	\$ 347,538
Special events - Net of direct expenses of \$64,358 in 2020 and \$64,715 in 2019	140,883	0	140,883	154,643
Investment income	71	0	71	229
Net assets released from restrictions	449	(449)	0	0
Total Support and Revenue	<u>599,247</u>	<u>701</u>	<u>599,948</u>	<u>502,410</u>
Expenses				
Program services				
Program	339,248	0	339,248	348,160
Administrative	75,630	0	75,630	77,573
Fundraising	64,535	0	64,535	59,465
Total Expenses	<u>479,413</u>	<u>0</u>	<u>479,413</u>	<u>485,198</u>
Increase in Net Assets From Operations	119,834	701	120,535	17,212
Other Income				
Loan forgiveness - Payroll Protection Program	61,400	0	61,400	0
Increase in Net Assets	181,234	701	181,935	17,212
Net Assets - Beginning of Year	<u>129,289</u>	<u>4,871</u>	<u>134,160</u>	<u>116,948</u>
Net Assets - End of Year	<u>\$ 310,523</u>	<u>\$ 5,572</u>	<u>\$ 316,095</u>	<u>\$ 134,160</u>

See Independent Auditors' Report and Accompanying Footnotes.

CROSSROADS CARE CENTER**Statement of Functional Expenses****Year Ended December 31, 2020****With Comparative Totals for the Year Ended December 31, 2019**

	Audited 2020			Unaudited 2019	
	Program	Management	Fundraising	Total	
Salaries and benefits	\$ 203,338	\$ 46,213	\$ 44,254	\$ 293,805	\$ 294,836
Payroll tax expense	15,453	3,583	3,359	22,395	22,635
Ministry expenses	23,751	0	0	23,751	36,307
Advertising and promotion	3,684	0	0	3,684	2,319
Bank charges	2,329	0	2,329	4,658	3,711
Conferences/staff training	4,896	0	0	4,896	3,626
Equipment maintenance	0	0	0	0	544
Facility expense	56,568	18,301	8,319	83,188	83,326
Insurance	7,983	998	998	9,979	10,559
Membership fees	926	706	573	2,205	1,940
Office expense	11,813	1,688	3,375	16,876	9,296
Special events	0	0	64,358	64,358	64,715
Printing and postage	1,455	485	485	2,425	2,983
Professional fees	313	2,813	0	3,126	4,600
	<u>332,509</u>	<u>74,787</u>	<u>128,050</u>	<u>535,346</u>	<u>541,397</u>
Depreciation	<u>6,739</u>	<u>843</u>	<u>843</u>	<u>8,425</u>	<u>8,516</u>
Total expenses by function	339,248	75,630	128,893	543,771	549,913
Less expenses included in revenues on the statement of activities:					
Special events costs	<u>0</u>	<u>0</u>	<u>(64,358)</u>	<u>(64,358)</u>	<u>(64,715)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 339,248</u>	<u>\$ 75,630</u>	<u>\$ 64,535</u>	<u>\$ 479,413</u>	<u>\$ 485,198</u>

CROSSROADS CARE CENTER**Statement of Cash Flows****Year Ended December 31, 2020****With Comparative Totals for the Year Ended December 31, 2019**

	<u>Audited 2020</u>	<u>Unaudited 2019</u>
Operating Activities		
Increase (decrease) in net assets	\$ 181,935	\$ 17,212
Add items not requiring cash:		
Depreciation and amortization	8,425	8,516
Loan forgiveness - Payroll Protection Program	(61,400)	0
(Increase) decrease in operating assets:		
Prepaid expenses	(1,500)	809
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	994	(702)
Net Cash Provided By Operating Activities	<u>128,454</u>	<u>25,835</u>
Net Increase Cash and Cash Equivalents	128,454	25,835
Financing Activities		
Proceeds from Payroll Protection Program Loan	<u>61,400</u>	<u>0</u>
Net Cash Provided By Financing Activities	<u>61,400</u>	<u>0</u>
Increase in Cash and Cash Equivalents	189,854	25,835
Cash and Cash Equivalents - Beginning of Year	<u>110,434</u>	<u>84,599</u>
Cash and Cash Equivalents - End of Year	<u>\$ 300,288</u>	<u>\$ 110,434</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 0</u>	<u>\$ 0</u>
Cash paid for income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditors' Report and Accompanying Footnotes.

CROSSROADS CARE CENTER
Notes to the Financial Statements
December 31, 2020

NOTE:

1. Summary of Significant Accounting Policies

The following are accounting principles and policies followed by the Organization:

Nature of Operations – Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center (the Organization) is a non-profit, Christian organization dedicated to assisting abortion-vulnerable women and men who are involved in a crisis pregnancy to choose life for their unborn child. Toward the same end, the organization is committed to encouraging godly sexual attitudes and practices in the community. The organization also offers STI/STD testing and treatment.

Basis of Accounting – The financial statements are prepared based on the accrual basis of accounting, in accordance with generally accepted accounting principles (U.S. GAAP).

Financial Statement Presentation – The Organization classifies, and reports net assets, revenues, gains and losses based upon donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Represent those resources over which the Board has discretionary control. These include designated amounts which are revenues or funds the Board has set aside for a particular purpose. All property, equipment and related debt are considered unrestricted.

Net Assets With Donor Restrictions – Represents those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. When donor restrictions expire, that is, when stipulated time restrictions end or a purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Equipment and Leasehold Improvements – Equipment and leasehold improvements are stated at cost if purchased or fair value at date of donation and depreciated over their estimated useful lives using the straight-line method. Upon sale or retirement, the cost and accumulated depreciation is eliminated from the respective accounts and a gain or loss is recorded in operations.

Contributions – Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received from the donor, measured at fair value. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions. The Organization receives donations of clothes, diapers, and other baby items that are given out to the families they service free of charge. No revenue or expense has been reported for these items.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2020

NOTE:

1. Summary of Significant Accounting Policies (Continued)

Contributed Services – No amounts have been reflected in the statements for volunteer services since these services are not recordable under accounting principles generally accepted in the United States of America; however, volunteers have donated countless hours to the Organization.

Tax-Exempt Status – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation by the Internal Revenue Service.

Advertising – Advertising costs are charged to operations when incurred.

Concentrations – The Organization maintains its cash accounts at financial institutions whose balances are insured up to limits established by the Federal Deposit Insurance Corporation. At December 31, 2020, the Organization was not in excess of the FDIC insured limits. Management does not believe the Organization is exposed to any unusual credit risk on uninsured balances.

Income Tax Uncertainties – Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events – The Organization has evaluated events and transactions that occurred through August 5, 2021, which is the date the financial statements were available for issue.

2. Functional Allocation of Expenses

The cost of providing the program and supporting services are reported in the statement of functional expenses. Indirect costs have been allocated between the various programs and supporting services based on estimates by management.

3. Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2020

NOTE:**4. Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following:

	<u>2020</u>	<u>2019</u>
Office furniture and equipment	\$ 48,591	\$ 48,591
Leasehold improvements	<u>77,453</u>	<u>77,453</u>
Total	126,044	126,044
Less: Accumulated depreciation	<u>(117,443)</u>	<u>(109,020)</u>
Net equipment and leasehold improvements	<u>\$ 8,601</u>	<u>\$ 17,024</u>

5. Leases

The Organization has an operating lease for its office and storage facility with monthly payments ranging from \$3,533 to \$3,754. This lease is set to expire March 31, 2024. The future minimum lease payments remaining at December 31, 2020 are as follows:

2021	\$ 43,725
2022	43,725
2023	44,719
2024	<u>11,263</u>
Total minimum lease payments	<u>\$ 143,432</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2020 and 2019 for the following purposes:

	<u>2020</u>	<u>2019</u>
Restricted for program activities:		
Client Assistance	<u>\$ 5,572</u>	<u>\$ 4,871</u>

7. Liquidity

The Organization has \$300,288 of liquid financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, subject to \$5,572 of funds required to satisfy net assets with donor restrictions. As part of its liquidity management, the Organization invests excess cash in a savings account held by one financial institution.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2020

NOTE:

8. Pandemic Related Economic Uncertainties

In March 2020 a national emergency was declared in response to the outbreak of a novel strain of coronavirus in the United States. To further contain the spread of the virus, state governments across the country have implemented measures to combat this contagious disease that has impacted millions of people worldwide. The impact of these government orders and regulations have placed limits on the social and business activities of individuals from the time the national emergency was declared and have continued into 2021.

After the onset of the emergency, the Organization was able to alter its operations so that employees perform their assignments in either a remote environment or in a manner that allows for social distancing that complies with government guidelines. Throughout 2020 and 2021, the Organization experienced shifts in revenue streams but net earnings were not significantly impacted.

Management is carefully monitoring the situation. While this disruption is expected to be temporary with multiple approved vaccinations currently in distribution, there remains considerable uncertainty as to the duration and spread of the outbreak, its impact on the economy as a whole, and on the Organization's operations. Therefore, management cannot reasonably estimate how this matter will affect the Organization's future results of operations and financial position.

9. Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance under accounting principles generally accepted in the United States of America. The ASU also requires expanded disclosures relating to the nature, amount, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization adopted the new standard effective January 1, 2020 using the modified retrospective approach described within the ASU. As part of this change, the Organization elected as a practical expedient to only apply the standard to contracts that were not completed at January 1, 2020. The adoption of this ASU did not result in any change to net assets at January 1, 2020 and the new standard did not have an impact on the amount of revenue recognized by the Organization during 2020.

10. Paycheck Protection Program Income

In April 2020, the Organization obtained funding of \$61,400 through a commercial bank using a loan administered by the U.S. Small Business Administration. The Organization pursued this arrangement to maintain liquidity in response to the coronavirus pandemic (see Note 8). This amount was approved under the Paycheck Protection Program (PPP), established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under provisions of the program, proceeds are remitted in the form of a note payable that can be forgiven if the recipient uses the proceeds to fund payroll, and certain other specified operating expenses during a defined period of time. The amount of loan forgiveness can be reduced if the recipient has lowered either employee headcount or compensation-levels when compared to amounts incurred at specific times prior to the pandemic.

In May 2021, the Organization submitted its application for loan forgiveness for the entire amount of PPP funding and the principal of \$61,400 was approved to be forgiven by the Small Business Administration. The Organization has recorded this arrangement as a component of other income for the year ended December 31, 2020. Even after a determination regarding forgiveness is made by the Small Business Administration, the government retains the right to audit assertions made by the Organization to the commercial bank in connection with this program for a period of 5 years from the date of forgiveness.