CROSSROADS CARE CENTER

(A Michigan Non-Profit Corporation)

Financial Report
For the Year Ended
December 31, 2022
With Comparative Totals
For the Year Ended
December 31, 2021

GORDON
Advisors, P.C.
certified public accountants
1301 WEST LONG LAKE ROAD, SUITE 200, TROY MI 48098
PH: 248-952-0200 • FAX: 248-952-0290

CROSSROADS CARE CENTER
Auburn Hills, Michigan

I N D E X

GORDON
Advisors, P.C.
certified public accountants

1301 W. Long Lake Rd., Ste. 200
Troy, MI 48098-6319
t 248.952.0200 f 248.952.0290

INDEPENDENT AUDITOR'S REPORT

Crossroads Care Center
Auburn Hills, Michigan

Report on the Financials Statements

Opinion

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, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center's internal control. Accordingly, no such opinion is expressed
- Exercise professional judgement 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.
- 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 Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center'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.

Report on Summarized Comparative Information

We have previously audited Crossroads Pregnancy Center, Inc. D/B/A Crossroads Care Center's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

October 3, 2023

CROSSROADS CARE CENTER

Statement of Financial Position

December 31, 2022 and 2021

ASSETS

		2022		2021
Cash and cash equivalents	$	333,626	$	339,922
Certificates of deposit		200,344		0
Prepaid expenses and rent		11,933		10,433
Right of use asset		43,394		0
Equipment and leasehold improvements, net		5,018		6,691
Total Assets	$	594,315	$	357,046

LIABILITIES AND NET ASSETS

		2022		2021
Liabilities				
Accounts payable and other accrued expenses	$	16,699	$	12,422
Lease liability		43,394		0
Total Liabilities		60,093		12,422
Net Assets				
Without donor restrictions		503,950		338,552
With donor restrictions		30,272		6,072
Total Net Assets		534,222		344,624
Total Liabilities and Net Assets	$	594,315	$	357,046

See Independent Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions	$ 651,177	$ 25,000	$ 676,177	$ 452,873
Special events - Net of direct expenses of $60,384 in 2022 and $21,418 in 2021	228,035	0	228,035	195,751
Investment income	1,351	0	1,351	794
Net assets released from restrictions	800	(800)	0	0
Total Support and Revenue	881,363	24,200	905,563	649,418
Expenses				
Program services				
Program	500,171	0	500,171	429,639
Administrative	120,573	0	120,573	98,354
Fundraising	95,221	0	95,221	92,896
Total Expenses	715,965	0	715,965	620,889
Increase in Net Assets	165,398	24,200	189,598	28,529
Net Assets - Beginning of Year	338,552	6,072	344,624	316,095
Net Assets - End of Year	$ 503,950	$ 30,272	$ 534,222	$ 344,624

See Independent Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER

Statement of Functional Expenses
Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022				2021
	Program	Management	Fundraising	Total	Total
Salaries and benefits	$ 276,067	$ 77,337	$ 68,248	$ 421,652	$ 389,527
Payroll tax expense	20,506	5,592	4,971	31,069	29,312
Ministry expenses	59,295	0	0	59,295	41,724
Advertising and promotion	21,346	0	0	21,346	5,604
Bank charges	4,044	0	4,043	8,087	7,377
Conferences/staff training	12,578	0	0	12,578	2,056
Equipment maintenance	994	663	0	1,657	590
Facility expense	68,166	22,054	10,025	100,245	91,156
Insurance	16,947	2,119	2,120	21,186	12,904
Membership fees	924	704	572	2,200	2,519
Office expense	12,454	1,779	3,558	17,791	23,913
Special events	0	0	60,384	60,384	21,418
Printing and postage	4,552	1,517	1,517	7,586	3,611
Professional fees	960	8,641	0	9,601	8,686
	498,833	120,406	155,438	774,677	640,397
Depreciation	1,338	167	167	1,672	1,910
Total expenses by function	500,171	120,573	155,605	776,349	642,307
Less expenses included in revenues on the statement of activities:					
Special events costs	0	0	(60,384)	(60,384)	(21,418)
Total expenses included in the expense section on the statement of activities	$ 500,171	$ 120,573	$ 95,221	$ 715,965	$ 620,889

CROSSROADS CARE CENTER

Statement of Cash Flows
Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022	2021
Operating Activities		
Increase (decrease) in net assets	$ 189,598	$ 28,529
Add items not requiring cash:		
Depreciation and amortization	1,673	1,910
(Increase) decrease in operating assets:		
Prepaid expenses	(1,500)	(400)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	4,277	9,595
Net Cash Provided By (Used In) Operating Activities	194,048	39,634
Investing Activities		
Purchase of certificates of deposit	(200,344)	0
Net Cash Provided By (Used In) Investing Activities	(200,344)	0
Increase (Decrease) in Cash and Cash Equivalents	(6,296)	39,634
Cash and Cash Equivalents - Beginning of Year	339,922	300,288
Cash and Cash Equivalents - End of Year	$ 333,626	$ 339,922
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 0	$ 0
Cash paid for income taxes	$ 0	$ 0

See Independent Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER
Notes to the Financial Statements
December 31, 2022

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.

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.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2022

NOTE:

1. **Summary of Significant Accounting Policies (Continued)**

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, 2022, 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, 2022, 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.

Leases - The Organization leases its office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (ROU) assets and operating lease liabilities on the Organization's statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made in advance and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The Organization has elected the available practical expedient that allows non-public organizations to make an accounting policy election to use a risk-free rate as the discount rate for all leases.

Subsequent Events – The Organization has evaluated events and transactions that occurred through October 3, 2023, which is the date the financial statements were available for issue.

Uncertainty from Pandemic – The coronavirus pandemic has caused considerable uncertainty from the resultant disruptions to economy-wide supply chains and other shifts in business practices that have led to inflation and other economic concerns going forward. Therefore, management cannot reasonably estimate how this matter will affect the future results of operations and financial position of the Organization.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2022

NOTE:

2. Change in Accounting Principle – Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right of use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at that date through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance.

The Organization elected the available practical expedients to account for existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, on January 1, 2022, the Organization recognized a lease liability of $43,394 which represents the present value of the remaining operating lease payments and a right-of-use asset at the same amount.

The standard had a material impact on the Organization's statement of financial position, but did not have a material impact on the Organization's statement of activities, nor the statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

3. 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.

4. 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, 2021, from which the summarized information was derived.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of December 31, 2022 and 2021 for the following purposes:

	2022	2021
Restricted for program activities:		
Client Assistance	$ 30,272	$ 6,072

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2022

NOTE:

6. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	2022	2021
Office furniture and equipment	$ 48,591	$ 48,591
Leasehold improvements	77,453	77,453
Total	126,044	126,044
Less: Accumulated depreciation	(121,026)	(119,353)
Net equipment and leasehold improvements	$ 5,018	$ 6,691

7. Leases

The Organization maintains an operating leases for office space through March 2024. During 2022, the Organization recognized lease expense associated with the lease of $34,715. During the year the Organization also had cash and non-cash activities associated with the leases. Cash paid for amounts included in the measurement of lease liabilities shown in the operating cash flows from operating leases was $43,725.

The future payments due under the operating lease as of December 31, 2022 is as follows:

2023	$ 34,980
2024	8,414
Total minimum lease payments	$ 43,394

Prior to the implementation of ASC 842, total rent expense on this lease for 2021 amounted to approximately $43,725.

8. Liquidity

The Organization has $333,626 of liquid financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, subject to $30,272 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 and various certificates of deposit amounting to $200,344 held by one financial institution.

9. Retirement Plans

The Company sponsors a SIMPLE IRA plan for substantially all employees. The plan allows the Company to make a discretionary matching contribution. Contributions made to the plan amounted to approximately $10,000 for the year ended December 31, 2022.