
CROSSROADS CARE CENTER
(A Michigan Non-Profit Corporation)

Financial Report
For the Year Ended
December 31, 2023
With Comparative Totals
For the Year Ended
December 31, 2022



certified public accountants

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CROSSROADS CARE CENTER
Auburn Hills, Michigan

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INDEPENDENT AUDITOR'S REPORT

Crossroads Care Center
Auburn Hills, Michigan

Report on the Financial 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, 2023, 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon Advisors, P.C.

August 26, 2024

CROSSROADS CARE CENTER
Statement of Financial Position
December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 209,921	\$ 333,626
Certificates of deposit	0	200,344
Prepaid expenses and rent	13,933	11,933
Right of use asset	606,138	43,394
Equipment and leasehold improvements, net	341,867	5,018
Total Assets	\$ 1,171,859	\$ 594,315
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities		
Accounts payable and other accrued expenses	\$ 63,560	\$ 16,699
Lease liability	606,138	43,394
Total Liabilities	669,698	60,093
Net Assets		
Without donor restrictions	502,161	503,950
With donor restrictions	0	30,272
Total Net Assets	502,161	534,222
Total Liabilities and Net Assets	\$ 1,171,859	\$ 594,315

CROSSROADS CARE CENTER
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions	\$ 668,066	\$ 0	\$ 668,066	\$ 676,177
Special events - Net of direct expenses of \$76,735 in 2023 and \$60,384 in 2022	210,808	0	210,808	228,035
Investment income	9,612	0	9,612	1,351
Net assets released from restrictions	30,272	(30,272)	0	0
Total Support and Revenue	918,758	(30,272)	888,486	905,563
Expenses				
Program services				
Program	600,253	0	600,253	500,171
Administrative	142,030	0	142,030	120,573
Fundraising	178,264	0	178,264	95,221
Total Expenses	920,547	0	920,547	715,965
Increase (Decrease) in Net Assets	(1,789)	(30,272)	(32,061)	189,598
Net Assets - Beginning of Year	503,950	30,272	534,222	344,624
Net Assets - End of Year	\$ 502,161	\$ 0	\$ 502,161	\$ 534,222

See Independent Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER**Statement of Functional Expenses****Year Ended December 31, 2023****With Comparative Totals for the Year Ended December 31, 2022**

	2023			2022	
	Program	Management	Fundraising	Total	Total
Salaries and benefits	\$ 365,335	\$ 97,421	\$ 93,850	\$ 556,606	\$ 421,652
Payroll tax expense	27,257	7,020	7,020	41,297	31,069
Ministry expenses	54,373	0	0	54,373	59,295
Advertising and promotion	37,935	0	48,417	86,352	21,346
Bank charges	4,422	0	4,421	8,843	8,087
Conferences/staff training	5,548	0	0	5,548	12,578
Equipment maintenance	2,021	1,010	337	3,368	1,657
Facility expense	63,850	19,646	14,735	98,231	100,245
Insurance	12,170	1,522	1,522	15,214	21,186
Membership fees	1,467	793	969	3,229	2,200
Office expense	15,164	2,166	4,333	21,663	17,791
Special events	0	0	76,735	76,735	60,384
Printing and postage	6,994	2,331	2,331	11,657	7,586
Professional fees	1,088	9,792	0	10,880	9,601
	597,624	141,701	254,670	993,996	774,677
Depreciation	2,629	329	329	3,286	1,672
Total expenses by function	600,253	142,030	254,999	997,282	776,349
Less expenses included in revenues on the statement of activities:					
Special events costs	0	0	(76,735)	(76,735)	(60,384)
Total expenses included in the expense section on the statement of activities	\$ 600,253	\$ 142,030	\$ 178,264	\$ 920,547	\$ 715,965

See Independent Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER**Statement of Cash Flows****Year Ended December 31, 2023****With Comparative Totals for the Year Ended December 31, 2022**

	<u>2023</u>	<u>2022</u>
Operating Activities		
Increase (decrease) in net assets	\$ (32,061)	\$ 189,598
Add items not requiring cash:		
Depreciation and amortization	3,287	1,673
(Increase) decrease in operating assets:		
Prepaid expenses	(2,000)	(1,500)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	46,861	4,277
Net Cash Provided By (Used In) Operating Activities	<u>16,087</u>	<u>194,048</u>
Investing Activities		
Purchase of equipment and leasehold improvements	(340,136)	0
Proceeds (purchase) of certificates of deposit	200,344	(200,344)
Net Cash Provided By (Used In) Investing Activities	<u>(139,792)</u>	<u>(200,344)</u>
Increase (Decrease) in Cash and Cash Equivalents	(123,705)	(6,296)
Cash and Cash Equivalents - Beginning of Year	<u>333,626</u>	<u>339,922</u>
Cash and Cash Equivalents - End of Year	<u>\$ 209,921</u>	<u>\$ 333,626</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 Auditor's Report and Accompanying Footnotes.

CROSSROADS CARE CENTER
Notes to the Financial Statements
December 31, 2023

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, 2023

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, 2023, 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.

Leases – The Organization has entered into leases for its office space. The Organization determines if an arrangement is a lease at inception.

Right of use (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. When the Organization's leases do not provide an implicit rate, as a practical expedient, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The 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.

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, 2023, 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 26, 2024, which is the date the financial statements were available for issue.

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2023

NOTE:**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, 2022, from which the summarized information was derived.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions are available as of December 31, 2023 and 2022 for the following purposes:

	<u>2023</u>	<u>2022</u>
Restricted for program activities:		
Client Assistance	\$ <u>0</u>	\$ <u>30,272</u>

5. Equipment and Leasehold Improvements

Equipment and leasehold improvements consist of the following:

	<u>2023</u>	<u>2022</u>
Office furniture and equipment	\$ 106,722	\$ 48,591
Leasehold improvements	<u>359,457</u>	<u>77,453</u>
Total	466,179	126,044
Less: Accumulated depreciation	<u>(124,312)</u>	<u>(121,026)</u>
Net equipment and leasehold improvements	<u>\$ 341,867</u>	<u>\$ 5,018</u>

CROSSROADS CARE CENTER
Notes to the Financial Statements (Continued)
December 31, 2023

NOTE:**6. Leases**

The Organization maintains an operating leases for office space through March 2034. During 2023, the Organization recognized lease expense associated with the lease of \$34,980. 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 \$46,325.

The future payments due under the operating lease as of December 31, 2023 is as follows:

2024	\$ 65,081
2025	67,357
2026	69,375
2027	71,464
2028	73,605
Thereafter	<u>416,043</u>
Total minimum lease payments	762,925
Less: Effects of discounting	<u>156,787</u>
Lease Liabilities	<u>\$ 606,138</u>

The weighted average lease term is 120 months and the weighted average discount rate is 2.0%.

7. Liquidity

The Organization has \$209,921 of liquid financial assets available within one year of the statement of financial position to meet cash needs for general expenditures.

8. Retirement Plans

The Organization sponsors a SIMPLE IRA plan for substantially all employees. The plan allows the Organization to make a discretionary matching contribution. Contributions made to the plan amounted to approximately \$11,000 for the year ended December 31, 2023.