

Crossroads Urban Center

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2021 and 2020



CROSSROADS URBAN CENTER

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Independent Auditor's Report

To the Board of Directors

Crossroads Urban Center

Opinion

We have audited the accompanying financial statements of **Crossroads Urban Center** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 **Crossroads Urban Center** as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Urban Center** 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, 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 Urban Center's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 generally accepted 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, 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 **Crossroads Urban Center'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 **Crossroads Urban 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.

Larsen & Company P.C.

Salt Lake City, Utah
July 14, 2022

CROSSROADS URBAN CENTER

Statements of Financial Position
As of December 31, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,013,811	\$ 678,083
Accounts and grants receivable	23,883	21,476
Food inventories	59,035	63,340
Prepaid expenses and deposits	20,508	20,924
Total current assets	1,117,237	783,823
Investments	1,671,111	1,397,519
Property and equipment, net	210,380	211,612
Total assets	\$ 2,998,728	\$ 2,392,954
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 3,486	\$ -
Refundable advance	-	108,100
Accrued liabilities	92,429	105,217
Total current liabilities	95,915	213,317
Total liabilities	95,915	213,317
Net assets:		
Without donor restrictions		
Board designated	1,733,292	1,459,007
Undesignated	1,131,522	693,143
Total net assets without donor restrictions	2,864,814	2,152,150
With donor restrictions	37,999	27,487
Total net assets	2,902,813	2,179,637
Total liabilities and net assets	\$ 2,998,728	\$ 2,392,954

The accompanying notes to the financial statements
are an integral part of these financial statements.

CROSSROADS URBAN CENTER

Statement of Activities
For the Year Ended December 31, 2021

	2021		
	Without donor restrictions	With donor restrictions	Totals
Support, revenues and gains:			
Contributions and grants	\$ 1,197,568	\$ 37,999	\$ 1,235,567
Donated food, rent and other	1,018,491	-	1,018,491
Thrift store sales	30,192	-	30,192
Investment return	273,933	-	273,933
Other income	150,452	-	150,452
Total support, revenues and gains	2,670,636	37,999	2,708,635
Satisfaction of restrictions	27,487	(27,487)	-
Total support, revenues, gains and satisfaction of restrictions	2,698,123	10,512	2,708,635
Expenses:			
Food pantry and outreach	1,774,328	-	1,774,328
Management and general	100,949	-	100,949
Fundraising	110,182	-	110,182
Total expenses	1,985,459	-	1,985,459
Change in net assets	712,664	10,512	723,176
Net assets at beginning of year	2,152,150	27,487	2,179,637
Net assets at end of year	\$ 2,864,814	\$ 37,999	\$ 2,902,813

The accompanying notes to the financial statements are an integral part of these financial statements.

CROSSROADS URBAN CENTER

Statement of Activities
For the Year Ended December 31, 2020

	2020		
	Without donor restrictions	With donor restrictions	Totals
Support, revenues and gains:			
Contributions and grants	\$ 887,269	\$ 60,000	\$ 947,269
Donated food, rent and other	712,366	-	712,366
Special events (net of direct benefits to 2020: \$2,907)	3,812	-	3,812
Thrift store sales	18,406	-	18,406
Investment return	196,321	-	196,321
Other income	9,315	-	9,315
Total support, revenues and gains	1,827,489	60,000	1,887,489
Satisfaction of restrictions	70,277	(70,277)	-
Total support, revenues, gains and satisfaction of restrictions	1,897,766	(10,277)	1,887,489
Expenses:			
Food pantry and outreach	1,396,364	-	1,396,364
Management and general	98,346	-	98,346
Fundraising	103,073	-	103,073
Total expenses	1,597,783	-	1,597,783
Change in net assets	299,983	(10,277)	289,706
Net assets at beginning of year	1,852,167	37,764	1,889,931
Net assets at end of year	\$ 2,152,150	\$ 27,487	\$ 2,179,637

The accompanying notes to the financial statements are an integral part of these financial statements.

CROSSROADS URBAN CENTER

Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Food pantry and outreach</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Officer's compensation	\$ 45,293	\$ 14,065	\$ 14,065	\$ 73,423
Other salaries and wages	424,655	51,786	35,292	511,733
Food distributions	952,828	-	-	952,828
Health insurance	67,533	8,639	6,479	82,651
Supplies	44,391	746	25,868	71,005
Donated rent	43,800	9,600	6,600	60,000
Rent	19,560	-	-	19,560
Emergency assistance	53,655	-	-	53,655
Payroll taxes	39,658	5,155	3,844	48,657
Depreciation	13,827	2,074	1,383	17,284
Professional fees	11,806	2,673	1,234	15,713
Program support	5,482	8	1,392	6,882
Other benefits	10,755	2,116	1,536	14,407
Utilities	14,069	1,181	801	16,051
Repairs and maintenance	7,853	1,133	842	9,828
Telephone	3,986	448	308	4,742
Bank and credit card charges	-	176	7,261	7,437
Vehicle expenses	2,906	-	-	2,906
Postage	1,377	207	138	1,722
Rubbish	2,789	241	166	3,196
Insurance	4,133	306	204	4,643
Water	1,979	135	92	2,206
Event expenses	-	-	2,632	2,632
Other	1,993	260	45	2,298
Total Expenses	<u>1,774,328</u>	<u>100,949</u>	<u>110,182</u>	<u>1,985,459</u>
Less expenses included with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses statement of activities	<u>\$ 1,774,328</u>	<u>\$ 100,949</u>	<u>\$ 110,182</u>	<u>\$ 1,985,459</u>

The accompanying notes to the financial statements
are an integral part of these financial statements.

CROSSROADS URBAN CENTER

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Food pantry and outreach	Management and general	Fundraising	Total
Officer's compensation	\$ 44,557	\$ 13,740	\$ 13,740	\$ 72,037
Other salaries and wages	405,025	50,082	32,883	487,990
Food distributions	647,206	-	-	647,206
Health insurance	56,961	9,550	6,643	73,154
Supplies	32,180	193	20,658	53,031
Donated rent	43,800	9,600	6,600	60,000
Rent	19,560	-	-	19,560
Emergency assistance	33,142	-	-	33,142
Payroll taxes	34,918	4,515	3,328	42,761
Depreciation	14,165	2,125	1,416	17,706
Professional fees	12,369	1,855	1,237	15,461
Program support	1,340	69	47	1,456
Other benefits	10,823	2,054	1,449	14,326
Utilities	6,739	584	402	7,725
Repairs and maintenance	6,343	799	549	7,691
Telephone	2,722	328	225	3,275
Bank and credit card charges	-	46	-	46
Vehicle expenses	2,338	-	-	2,338
Postage	1,250	188	125	1,563
Rubbish	2,468	167	109	2,744
Insurance	2,898	298	198	3,394
Water	1,980	134	92	2,206
Event expenses	-	-	6,157	6,157
Other	13,580	2,019	10,122	25,721
Total Expenses	1,396,364	98,346	105,980	1,600,690
Less expenses included with revenue	-	-	(2,907)	(2,907)
Total functional expenses statement of activities	\$ 1,396,364	\$ 98,346	\$ 103,073	\$ 1,597,783

The accompanying notes to the financial statements are an integral part of these financial statements.

CROSSROADS URBAN CENTER
 Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 723,176	\$ 289,706
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	17,284	17,706
Bad debt expense	-	540
Net realized and unrealized (gain) loss	(219,403)	(158,741)
Decrease (increase) in operating assets:		
Accounts and grants receivable	(2,407)	17,856
Food inventories	4,305	2,007
Prepaid expenses and deposits	416	(2,960)
Increase (decrease) in operating liabilities:		
Accounts payable	3,486	(1,652)
Refundable advance	(108,100)	108,100
Accrued liabilities	(12,788)	9,944
Cash flows from operating activities	405,969	282,506
Cash flows from investing activities:		
Purchase of investments	(54,189)	(37,022)
Additions to property and equipment	(16,052)	(10,240)
Purchase of investments	-	-
Cash flows from investing activities	(70,241)	(47,262)
Net increase in cash	335,728	235,244
Cash and cash equivalents at beginning of year	678,083	442,839
Cash and cash equivalents at end of year	\$ 1,013,811	\$ 678,083

Supplemental Disclosures:

No interest or taxes were paid for the years ending December 31, 2021 and 2020.

The accompanying notes to the financial statements are an integral part of these financial statements.

CROSSROADS URBAN CENTER

Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crossroads Urban Center (the "Organization") was founded in 1966 under the auspices of United Methodist Women and received the designation as a 501(c)(3) in 1973. The Organization services low income, disabled, and minority populations of Utah by providing food, clothing, and household items. The Organization also organizes and manages community groups that address affordable housing and other social issues.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with ASU-2016-14, Not-for-Profit Entities (Topic 958); *Presentation of Financial Statements for Not-for-Profit Entities*. The standard requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts and Grants Receivable and Promises to Give

Accounts and grants receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted. Management considers all its accounts to be fully collectible and has not recorded an allowance as of December 31, 2021 and 2020. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using imputed interest rates applicable to the years in which promises are received. Discounts on promises to give that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are received.

Food Inventories

Inventories consist primarily of food and are valued at the lower of cost or market. Cost is determined on the first-in first-out method. Donated food was valued at \$2.20 per pound for 2021 and 2020.

COVID-19 Uncertainties

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." The subsequent COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of various industry business operations. In compliance with the state and federal government regulations regarding COVID-19, the Organization experienced the effects of closing and postponing activities during the years ended December 31, 2021 and 2020.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COVID-19 Uncertainties (Continued)

While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its future operating results. However, the exact financial impact and duration cannot be reasonably estimated at this time.

Property and Equipment, net

Acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by donation, at estimated fair value at the date of the donation.

Depreciation and amortization are computed over the following estimated useful lives using the straight-line method.

<u>Assets</u>	<u>Useful life</u>
Leasehold improvements	3-20 years
Buildings	45 years
Equipment	5-10 years
Vehicles	5 years

Long-lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present for the years ended December 31, 2021 and 2020.

Investments

Investments consist of publicly traded marketable equity securities carried at fair value based on quoted market prices. Unrealized gains and losses are included as investment return in the statement of activities.

Board Designated Endowment

The endowment includes board designated funds of **\$1,671,111** and \$1,397,519 as of December 31, 2021 and 2020, respectively. The Board of Directors had previously determined that all income earned on the principal balance will be reinvested until the principal reaches \$1,000,000, at which point the earnings may be made available for use in the operations of the Organization. This requirement was eliminated during 2019 by the Board of Directors. The Organization may make additional contributions to the principal portion of the endowment. The Organization has adopted investment and spending policies approved by the Board of Directors for the board designated endowment assets that attempts to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the corpus of the endowment assets over the long-term.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Designated Endowment (Continued)

The investment policy establishes an achievable return objective through diversification of assets. Actual returns vary year to year from projected returns. To satisfy long-term rate-of-return objectives the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity-based investments to achieve long-term return objectives within prudent risk parameters.

Contributions and In-Kind Donations and Support

Contributions are recognized when the donor makes a promise to give that is unconditional and are considered to be available for unrestricted use unless restricted by the donor. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfactions of restrictions.

Donations of property and equipment and goods and services are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted support and reclassified to unrestricted net assets without donor restrictions when placed in service.

The Organization's administrative offices and food pantry are rented free of charge from a religious organization. Donated rent and related expenses of **\$60,000** were recognized for the years ended December 31, 2021 and 2020. A significant amount of food is donated for the Organization's pantry operations. The food is valued at \$2.20 per pounds and donations were approximately **\$952,858** and **\$647,206** for the years ended December 31, 2021 and 2020, respectively. The Organization received other in-kind contributions for services, securities, and other miscellaneous items that totaled **\$5,633** and **\$5,160** for the years ended December 31, 2021, and 2020, respectively. The Organization also receives contributions of clothing and personal items for which it is impractical to determine a value. These items are given away or sold in the Thrift Store operations of the Organization.

Revenues

A small portion of the Organization's budget comes from thrift store sales. The only performance obligation associated with this income is delivering the products purchased. Any payments received from customers are recognized when the transaction occurs. Income from thrift store sales is shown on the statement of activities.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

No provision for income taxes has been provided in the financial statements as the Organization is exempt under Section 501(c) (3) of the Internal Revenue Code and has an active favorable determination letter from the Internal Revenue Service. The Organization has evaluated tax positions and believes it does not have and, accordingly, has not recorded, a liability for any uncertain tax positions.

The Organization's federal income tax returns generally remain subject to examinations by the Internal Revenue Service for a period of three years.

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Refundable Advance

During the year ended December 31, 2020, the Organization obtained a Paycheck Protection Program Loan ("PPP Loan") from a financial institution in the amount of \$108,100. The Organization has elected to account for its PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution. The refundable advance will be reduced and recognized as a contribution as the conditions of release have been met or explicitly waived. The Organization obtained notification of forgiveness of the loan in January of 2021.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,013,811	\$ 678,083
Accounts and grants receivable	<u>23,883</u>	<u>21,476</u>
Total current financial assets	1,037,694	699,559
Less amounts restricted by donors	<u>(37,999)</u>	<u>(27,487)</u>
Total current financial assets available for general expenditure	<u>\$ 999,695</u>	<u>\$ 672,072</u>

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

3. INVESTMENTS

Unrealized gains and losses are included as investment return in the statement of activities. Total investment income, gains and losses for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Investment return, unrestricted		
Interest and dividends	\$ 54,530	\$ 37,580
Net realized and unrealized gain (loss)	<u>219,403</u>	<u>158,741</u>
Total investment return, unrestricted	<u>\$ 273,933</u>	<u>\$ 196,321</u>

The fair values of the financial instruments shown in the following table represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Organization's judgments about the assumptions that market participants would use in pricing the asset. Those judgments are based on the best information available including expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs. Financial assets and financial liabilities recorded in the balance sheet at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

Level 1 – Financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access. Examples include prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets.

Level 2 – Financial assets and financial liabilities whose values are based on (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in non-active markets, or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability. Examples include Matrix pricing, market corroborated pricing, and inputs such as yield curves and indices.

Level 3 – Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Organization's estimates of the assumptions that market participants would use in valuing the financial asset and financial liabilities. Examples include Investment Manager Pricing for Price Placements, Private Equities, Hedge Funds, etc.

Fair values for assets measured on a recurring basis are as follows:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2021				
Mutual funds	\$ 1,671,111	\$ 1,671,111	\$ -	\$ -
Total investments	<u>\$ 1,671,111</u>	<u>\$ 1,671,111</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020				
Mutual funds	\$ 1,397,519	\$ 1,397,519	\$ -	\$ -
Total investments	<u>\$ 1,397,519</u>	<u>\$ 1,397,519</u>	<u>\$ -</u>	<u>\$ -</u>

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cost		
Land	\$ 26,700	\$ 26,700
Buildings and improvements	434,648	431,548
Equipment	57,294	44,342
Vehicles	<u>28,371</u>	<u>28,371</u>
Total cost of property and equipment	547,013	530,961
Accumulated depreciation and amortization	<u>(336,633)</u>	<u>(319,349)</u>
Net property and equipment	<u>\$ 210,380</u>	<u>\$ 211,612</u>

The Organization incurred depreciation and amortization expense of **\$17,284** and \$17,706 for the years ended December 31, 2021 and 2020, respectively.

5. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

As of December 31, net assets without donor restrictions have been designated by the board as follows:

	<u>2021</u>	<u>2020</u>
Food fund	\$ 2,173	\$ 9,970
Holiday food fund	175	-
Poplar grove advocate	-	11,703
Powerful moms who care	8,462	816
Thrift store reserve fund	14,647	17,540
Children's shoe fund	27,559	12,434
Infant supplies	9,165	9,025
Board designated endowment	<u>1,671,111</u>	<u>1,397,519</u>
Total board designated net assets	<u>\$ 1,733,292</u>	<u>\$ 1,459,007</u>

Board Designated Endowment

Changes in endowment funds are as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets January 1,	\$ 1,397,519	\$ 1,201,756
Investment income	273,592	195,763
Contributions	<u>-</u>	<u>-</u>
Endowment net assets December 31,	<u>\$ 1,671,111</u>	<u>\$ 1,397,519</u>

CROSSROADS URBAN CENTER
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Powerful Moms Who Care	\$ 17,499	\$ 9,739
Poplar Grove Neighborhood Alliance	-	17,748
Facilities improvement program	<u>20,500</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 37,999</u>	<u>\$ 27,487</u>

7. BENEFIT PLAN

The Organization sponsors a simple IRA contribution plan for all eligible employees. Participants are required to contribute a minimum of 2% of compensation and the Organization matches up to 3% of compensation. All participants are fully vested in the plan. Total contributions to the plan by the Organization for the years ended December 31, 2021 and 2020 were **\$11,538** and \$11,197, respectively.

8. CONCENTRATION OF CREDIT RISK

The Organization maintains funds at multiple financial institutions. Accounts at these institutions are federally insured by Federal Deposit Insurance Corporation or National Credit Union Association up to \$250,000. The Organization has not experienced any loss in these accounts. As of December 31, 2021 and 2020, there were not any cash balances which exceeded these limits. The Organization believes it is not exposed to any significant credit risk on its cash balances.

The Organization maintains an account with a brokerage firm. The account contains cash and investments. The balances are insured by the Securities Investors Protection Corporation up to \$500,000 with a \$250,000 limit for cash claims. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of this report, which is the date that the report was available for issuance. No events have occurred subsequent to December 31, 2021, which would have a material effect on the financial condition of the Company.