



CROSSWINDS
YOUTH SERVICES, INC.

June 30,

2022 & 2021

Financial Statements

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Jan Lokay

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crosswinds Youth Services, Inc.
Cocoa, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Crosswinds Youth Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crosswinds Youth Services, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Crosswinds Youth Services, Inc. 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 opinions.

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 Crosswinds Youth Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crosswinds Youth Services, Inc.'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 Crosswinds Youth Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial projects is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023 on our consideration of Crosswinds Youth Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Crosswinds Youth Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crosswinds Youth Services, Inc.'s internal control over financial reporting and compliance.

Grennan Fender, LLP

Grennan Fender, LLP
Melbourne, Florida
May 17, 2023

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 91,849	\$ -	\$ 91,849
Investments	193,040	-	193,040
Grants/contracts receivable	334,650	-	334,650
Promises to give	11,605	-	11,605
Gift cards	1,071	-	1,071
Prepaid expenses	3,902	-	3,902
	<u>636,117</u>	<u>-</u>	<u>636,117</u>
PROPERTY AND EQUIPMENT, net	3,241,341	-	3,241,341
OTHER ASSETS, net	<u>7,901</u>	<u>166,679</u>	<u>174,580</u>
	<u>\$ 3,885,359</u>	<u>\$ 166,679</u>	<u>\$ 4,052,038</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Line of credit	\$ 50,000	\$ -	\$ 50,000
Payables	32,302	-	32,302
Accrued expenses	31,725	-	31,725
Deferred revenue	4,886	-	4,886
Current portion of long-term debt	33,089	-	33,089
	<u>152,002</u>	<u>-</u>	<u>152,002</u>
LONG-TERM LIABILITIES			
Long-term debt, net	734,810	-	734,810
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	<u>2,998,547</u>	<u>166,679</u>	<u>3,165,226</u>
	<u>\$ 3,885,359</u>	<u>\$ 166,679</u>	<u>\$ 4,052,038</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 441,937	\$ -	\$ 441,937
Investments	218,541	-	218,541
Grants/contracts receivable	334,315	-	334,315
Promises to give	9,909	-	9,909
Gift cards	1,349	-	1,349
Prepaid expenses	16,175	-	16,175
	<u>1,022,226</u>	<u>-</u>	<u>1,022,226</u>
PROPERTY AND EQUIPMENT, net	3,371,547	-	3,371,547
OTHER ASSETS, net	<u>18,139</u>	<u>178,392</u>	<u>196,531</u>
	<u>\$ 4,411,912</u>	<u>\$ 178,392</u>	<u>\$ 4,590,304</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payables	\$ 39,721	\$ -	\$ 39,721
Accrued expenses	139,680	-	139,680
Current portion of long-term debt	31,479	-	31,479
	<u>210,880</u>	<u>-</u>	<u>210,880</u>
LONG-TERM LIABILITIES			
Long-term debt, net	766,719	-	766,719
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	<u>3,434,313</u>	<u>178,392</u>	<u>3,612,705</u>
	<u>\$ 4,411,912</u>	<u>\$ 178,392</u>	<u>\$ 4,590,304</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Contracts, grants and contributions from government agencies	\$ 2,268,279	\$ -	\$ 2,268,279
Brevard County and other local grants	209,354	-	209,354
Private organization support	53,500	-	53,500
Contributions and fundraising	209,202	10,350	219,552
In-kind contributions	95,578	-	95,578
United Way	53,000	-	53,000
Fees revenue	11,000	-	11,000
Investment losses, net	(25,596)	(22,063)	(47,659)
Interest income	172	-	172
Miscellaneous income	73	-	73
Total revenues, gains and other support	<u>2,874,562</u>	<u>(11,713)</u>	<u>2,862,849</u>
Expenses			
Programs	2,943,004	-	2,943,004
Management & general	164,349	-	164,349
Fundraising	202,975	-	202,975
Total expenses	<u>3,310,328</u>	<u>-</u>	<u>3,310,328</u>
CHANGE IN NET ASSETS	(435,766)	(11,713)	(447,479)
NET ASSETS, beginning of year	<u>3,434,313</u>	<u>178,392</u>	<u>3,612,705</u>
NET ASSETS, end of year	<u>\$ 2,998,547</u>	<u>\$ 166,679</u>	<u>\$ 3,165,226</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Contracts, grants and contributions from government agencies	\$ 2,544,567	\$ -	\$ 2,544,567
Brevard County and other local grants	295,256	-	295,256
Paycheck Protection Program loan forgiveness	231,130	-	231,130
Private organization support	26,000	-	26,000
Contributions and fundraising	204,984	10,100	215,084
In-kind contributions	130,120	-	130,120
United Way	53,000	-	53,000
Fees revenue	9,410	-	9,410
Investment earnings, net	42,411	32,967	75,378
Interest income	784	-	784
Miscellaneous income	89	-	89
Total revenues, gains and other support	<u>3,537,751</u>	<u>43,067</u>	<u>3,580,818</u>
Expenses			
Programs	3,089,587	-	3,089,587
Management & general	202,081	-	202,081
Fundraising	224,731	-	224,731
Total expenses	<u>3,516,399</u>	<u>-</u>	<u>3,516,399</u>
CHANGE IN NET ASSETS	21,352	43,067	64,419
NET ASSETS, beginning of year	<u>3,412,961</u>	<u>135,325</u>	<u>3,548,286</u>
NET ASSETS, end of year	<u>\$ 3,434,313</u>	<u>\$ 178,392</u>	<u>\$ 3,612,705</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Shelter and Community Counseling	Transitional Living Program	JAC/Civil Citation	Independent Living Services	Street Outreach Program
Salaries and related costs	\$ 1,183,052	\$ 113,825	\$ 184,839	\$ 240,085	\$ 83,460
Youth expenditures	17,392	45,942	-	-	61,963
Repairs and maintenance	89,112	4,847	12,423	9,946	7,452
Occupancy	62,773	5,494	13,397	11,026	3,193
In-kind expenses	36,148	5,263	766	137	824
Professional fees	10,910	1,000	423	-	-
Insurance	49,249	4,296	7,181	7,500	2,416
Food	34,974	10,967	-	-	3,389
Interest	-	-	-	-	-
Communications	20,231	2,606	3,293	3,558	1,492
Dues and licenses	21,115	965	427	208	69
Travel	20,704	295	285	1,475	240
Office operations	5,842	797	3,346	1,563	258
Fundraiser	-	-	-	-	-
Public relations	2,054	326	1,632	-	-
Small furniture and equipment	5,621	260	-	-	-
Conferences and training	4,155	110	-	865	60
Personnel processing	3,474	-	45	224	65
Literature and education	256	-	-	-	-
Allocated indirect expense	203,262	18,227	22,150	35,776	16,138
	1,770,324	215,220	250,207	312,363	181,019
Depreciation	98,775	7,155	16,154	13,789	8,494
TOTAL EXPENSES	<u>\$ 1,869,099</u>	<u>\$ 222,375</u>	<u>\$ 266,361</u>	<u>\$ 326,152</u>	<u>\$ 189,513</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Rapid Re- housing	Total Programs	Management and General	Fundraising	Total Expenses
Salaries and related costs	\$ 21,779	\$ 1,827,040	\$ 322,022	\$ 94,052	\$ 2,243,114
Youth expenditures	31,466	156,763	-	-	156,763
Repairs and maintenance	1,427	125,207	11,280	2,432	138,919
Occupancy	2,655	98,538	2,258	1,560	102,356
In-kind expenses	-	43,138	725	51,715	95,578
Professional fees	-	12,333	66,081	5,182	83,596
Insurance	1,056	71,698	3,835	1,122	76,655
Food	17	49,347	-	-	49,347
Interest	-	-	40,676	-	40,676
Communications	649	31,829	7,311	617	39,757
Dues and licenses	1	22,785	12,728	24	35,537
Travel	29	23,028	3,304	311	26,643
Office operations	270	12,076	9,503	481	22,060
Fundraiser	-	-	-	17,580	17,580
Public relations	-	4,012	3,782	149	7,943
Small furniture and equipment	-	5,881	948	-	6,829
Conferences and training	-	5,190	1,016	-	6,206
Personnel processing	-	3,808	379	-	4,187
Literature and education	-	256	330	-	586
Allocated indirect expense	6,445	301,998	(326,631)	24,633	-
	65,794	2,794,927	159,547	199,858	3,154,332
Depreciation	3,710	148,077	4,802	3,117	155,996
TOTAL EXPENSES	<u>\$ 69,504</u>	<u>\$ 2,943,004</u>	<u>\$ 164,349</u>	<u>\$ 202,975</u>	<u>\$ 3,310,328</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Shelter and Community Counseling	Transitional Living Program	JAC/Civil Citation	Independent Living Services	Street Outreach Program
Salaries and related costs	\$ 1,068,285	\$ 176,728	\$ 197,003	\$ 229,737	\$ 141,095
Youth expenditures	27,123	141,256	-	6,676	7,574
Repairs and maintenance	96,709	8,599	6,502	5,215	5,748
In-kind expenses	46,146	10,348	1,430	1,535	4,267
Professional fees	14,788	13,515	1,699	232	2,168
Occupancy	52,705	8,221	13,153	10,602	5,012
Insurance	37,263	4,693	6,159	5,757	4,531
Food	30,559	35,676	-	-	-
Small furniture and equipment	7,859	14,007	3,312	-	4,052
Interest	-	-	-	-	-
Communications	21,639	2,947	3,855	3,570	2,672
Travel	21,398	6	565	610	396
Dues and licenses	19,451	1,720	83	94	598
Office operations	5,066	1,068	2,472	1,499	1,653
Fundraiser	-	-	-	-	-
Public relations	160	43	11	8	-
Personnel processing	3,102	75	-	177	-
Literature and education	473	960	-	-	-
Conferences and training	976	-	-	-	100
Allocated indirect expense	213,115	41,734	30,610	35,764	17,501
	1,666,817	461,596	266,854	301,476	197,367
Depreciation	93,911	10,332	15,514	13,334	12,360
TOTAL EXPENSES	\$ 1,760,728	\$ 471,928	\$ 282,368	\$ 314,810	\$ 209,727

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Rapid Re- housing	Total Programs	Management and General	Fundraising	Total Expenses
Salaries and related costs	\$ 11,721	\$ 1,824,569	\$ 323,573	\$ 106,106	\$ 2,254,248
Youth expenditures	33,038	215,667	-	-	215,667
Repairs and maintenance	107	122,880	18,893	3,367	145,140
In-kind expenses	-	63,726	4,250	62,144	130,120
Professional fees	166	32,568	93,759	589	126,916
Occupancy	88	89,781	2,299	1,815	93,895
Insurance	267	58,670	6,650	1,217	66,537
Food	-	66,235	-	-	66,235
Small furniture and equipment	-	29,230	33,309	-	62,539
Interest	-	-	45,473	-	45,473
Communications	147	34,830	8,076	815	43,721
Travel	-	22,975	7,070	286	30,331
Dues and licenses	3	21,949	4,867	217	27,033
Office operations	63	11,821	11,987	872	24,680
Fundraiser	-	-	-	16,256	16,256
Public relations	-	222	4,893	29	5,144
Personnel processing	-	3,354	168	-	3,522
Literature and education	6	1,439	332	-	1,771
Conferences and training	-	1,076	180	-	1,256
Allocated indirect expense	4,125	342,849	(369,301)	26,452	-
	49,731	2,943,841	196,478	220,165	3,360,484
Depreciation	295	145,746	5,603	4,566	155,915
TOTAL EXPENSES	<u>\$ 50,026</u>	<u>\$ 3,089,587</u>	<u>\$ 202,081</u>	<u>\$ 224,731</u>	<u>\$ 3,516,399</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (447,479)	\$ 64,419
Adjustments to reconcile the change in net assets to net cash used in operating activities		
Depreciation	155,996	155,915
Amortization of loan costs reported as interest expense	665	665
Investment income (loss), net	47,659	(75,380)
Paycheck Protection Program loan forgiveness	-	(231,130)
Decrease (increase) in operating assets		
Grants/contracts receivable	(335)	31,696
Promises to give	(1,696)	91
Gift cards	278	(71)
Prepaid expenses	12,273	2,833
Deposits	10,143	-
Increase (decrease) in operating liabilities		
Payables	(7,419)	(130,362)
Accrued expenses	(107,955)	62,619
Deferred revenue	4,886	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(332,984)</u>	<u>(118,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(25,790)	(20,706)
Transfers to investment accounts	(10,350)	(10,100)
NET CASH USED IN INVESTING ACTIVITIES	<u>(36,140)</u>	<u>(30,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from line of credit	225,000	-
Payments of line of credit borrowings	(175,000)	-
Payments on long-term debt	(30,964)	(25,719)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>19,036</u>	<u>(25,719)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(350,088)	(175,230)
CASH AND CASH EQUIVALENTS, beginning of year	<u>441,937</u>	<u>617,167</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 91,849</u>	<u>\$ 441,937</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid for interest	<u>\$ 34,872</u>	<u>\$ 43,056</u>

See accompanying notes to the financial statements.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

For nearly forty-nine years, Crosswinds Youth Services, Inc. (the Organization) has been a safety net for youth and families in Brevard County, Florida who have nowhere else to turn. Each year, many young people come to the Organization without the resources and traditional support they need for a healthy, safe, and productive future. The Organization's programs help them overcome challenges such as homelessness, abuse, or extreme family instability. The first program offered by the Organization, an emergency shelter, opened in 1974 in response to community outcry over the discovery of several graves in the area that contained the bodies of runaway children who had been murdered.

Since that time, the Organization has grown to provide eight programs developed in response to some of the most critical issues affecting Brevard County's youth and their families.

- ***Robert E. Lehton Children's Shelter*** - offers 24/7 emergency residential care and supportive services for youth ages 10 to 17 who have run away, are homeless, have had their foster home placement interrupted or are in respite, or are otherwise in crisis.
- ***Transitional Living Program*** - a comprehensive program offering housing and supportive services to help homeless young people ages 16-21 achieve self-sufficiency.
- ***Independent Living Services*** - assists youth aging out of foster care in making a successful transition to independent adulthood.
- ***Juvenile Assessment Center*** - the central point of entry for coordinated service delivery for young offenders and at-risk youth, as well as the central point of contact for law enforcement.
- ***Civil Citation*** - a component of the Juvenile Assessment Center and an alternative to arrest for youth with certain misdemeanor offenses, which holds them accountable for their actions, while offering counseling and other services for youth and their families.
- ***Community Counseling*** - provides counseling and case management for youth and their families to find solutions to issues such as hard to manage behaviors, truancy, and family conflicts.
- ***Street Outreach Program*** - provides mobile survival aid and services to homeless youth with the goal of helping them stay off the streets.
- ***STOP NOW AND PLAN (SNAP®)*** - is an evidence-based, cognitive-behavioral model, which helps troubled children ages 6-11 and their parents learn how to effectively manage their emotions and 'keep problems small'. The goal is to keep children in school and out of trouble.

The Organization's mission, creating opportunities for young people to succeed, embodies the Organization's primary goal of helping young people reach their full potential regardless of any barriers or challenges they have faced. The Organization is licensed by the Florida Department of Children and Families as both a Child Caring Agency and as a Substance Abuse Prevention provider. The Organization is a licensed *Safe Place* which helps endangered children get immediate safe shelter and other services by entering any business or public building displaying the Safe Place sign. The Organization is accredited by the Council on Accreditation (COA). The Organization's campus is located in Cocoa, Florida.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

Financial statement presentation follows the guidance provided by the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, Not-for-profit Entities, as amended by Accounting Standard Update (ASU) No. 2016-14.

FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets; net assets without donor restrictions and net assets with donor restrictions, and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amount of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor restricted net assets at period-end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses and no longer require the disclosure of those netted expenses.

Cash and Cash Equivalents

Management considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include funds held in an endowment fund (See Note 9) which is required to be maintained in a separate account.

Investments

Investments are reported in the statement of financial position at fair value based on quoted market prices. Investment income consists of interest income, dividend income, and realized and unrealized investment gains and losses.

Grants/Contracts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts when considered necessary. Management estimates the allowance based upon factors including credit risk, the age of past due accounts, historical trends, market conditions, and consideration of any other current circumstances that could affect the collectability of amounts. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. Management determined that no allowance for doubtful accounts was necessary on June 30, 2022 and 2021.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Fixed assets acquired by the Organization are considered to be owned by Crosswinds Youth Services, Inc. However, State funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets.

It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method.

Accrued Compensated Absences

Certain employees of the Organization are entitled to vacation and sick leave depending on length of service and other factors. Management has determined that it is not practicable for the Organization to estimate the amount of compensation for future absences. Accordingly, no liability for future compensated absences has been recorded in the accompanying financial statements.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support under contracts and grants, if any, are recognized when earned. Amounts received that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

When a temporary restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities released from restrictions. When both net assets with donor restrictions and net assets without donor restrictions are available for use, the Organization's policy is to use net assets with donor restrictions first and then net assets without donor restrictions as needed.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SBA Paycheck Protection Program

In April 2020, as a benefit of the CARES Act passed in response to the ongoing COVID-19 pandemic, the Organization received a Paycheck Protection Program (PPP) loan totaling \$422,800. The loan is forgivable if used for qualifying expenses within a specified period of time. Following the guidance in FASB ASC 958-605, Not-for-Profit Entities, Governmental assistance in the form of loan forgiveness can be considered a nonreciprocal or non-exchange transaction referred to in the guidance as a contribution. Because PPP loan forgiveness is dependent on meeting certain conditions, it would be considered a conditional contribution. Conditional contributions are recognized as income when the conditions on which they depend are met.

The Organization paid qualifying expenses totaling \$231,130 and \$191,670 as of June 30, 2021 and 2020, respectively. As such, revenue related to the forgiveness of the loan in those amounts was included on the statement of activities for the years ended June 30, 2021 and 2020. The loan was fully forgiven on August 2, 2021.

Donated Materials and Services

Donated services that qualify as specialized services and donated items are recorded at their estimated fair market value at the date of receipt. A corresponding amount is recorded as an expense.

The Organization receives donated services from unpaid volunteers; however, no amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer efforts in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, Not-for-Profit Entities, have not been satisfied.

Functional Expenses

Direct expenditures are charged to each program as incurred. Common expenses are allocated between program, management and general, and fundraising by the activities benefited as estimated by management.

Income Tax

Crosswinds Youth Services, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

FASB ASC 740, Accounting for Income Taxes, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Tax years ended June 30, 2019 through 2022 remain subject to possible examination by the Internal Revenue Service.

Management evaluates the Organization’s tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain, then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of June 30, 2022, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – CONCENTRATIONS

Credit Risk

The Organization maintains its cash and cash equivalents, and certificate of deposit balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) or the National Credit Union Association (“NCUA”) for balances up to \$250,000 per depositor. On June 30, 2022, the Organization’s uninsured cash balance was \$1,599.

The Organization maintains certain cash equivalents and securities with a brokerage firm that is a member of the Securities Investor Protection Corporation (“SIPC”). Cash and securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, inclusive of \$250,000 for cash balances. On June 30, 2022, the Organization had no uninsured balances.

Significant Funding Sources

The Organization received a significant portion of its funding directly or indirectly from three agencies. The following tables report the percentages of total revenue reported by the Organization related to these two agencies and the percentages of the reported total contract receivables at the end of the year:

	For the year ended 2022		For the year ended 2021	
	Revenue	Contract Receivables	Revenue	Contract Receivables
US Department of Health and Human Services	11%	5%	19%	19%
Florida Network	18%	14%	33%	51%
Brevard Family Partnership	37%	25%	11%	8%

These funding sources are subject to budgetary constraints and a significant reduction in the level of this funding, should it occur, could have an adverse effect on the Organization’s programs and activities.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements and Disclosures, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access. |
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none">▪ Quoted prices for similar assets or liabilities in active markets;▪ Quoted prices for identical or similar assets or liabilities in inactive markets;▪ Inputs other than quoted prices that are observable for the asset or liability;▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to fair value. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Common stock/mutual funds – Valued at quoted market prices.

Bonds – Valued at the most recent bid price of the equivalent yield for such securities.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with their market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The following table sets for by level, within the fair value hierarchy, the Organization’s investments at fair value as of June 30, 2022 and 2021:

	Assets at fair value as of June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock/mutual funds	\$ 362,135	\$ -	\$ -	\$ 362,135
Bonds	<u>5,485</u>	<u>-</u>	<u>-</u>	<u>5,485</u>
	<u>\$ 367,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,620</u>

	Assets at fair value as of June 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock/mutual funds	\$ 399,444	\$ -	\$ -	\$ 399,444
Bonds	<u>5,485</u>	<u>-</u>	<u>-</u>	<u>5,485</u>
	<u>\$ 404,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,929</u>

NOTE 4 – INVESTMENTS

On June 30, 2022 and 2021 investments were reported in the financial statements at fair value and are summarized as follows:

	2022		2021	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common stock/mutual funds	\$ 359,128	\$ 362,135	\$ 304,763	\$ 399,444
Bonds	<u>4,000</u>	<u>5,485</u>	<u>4,000</u>	<u>5,485</u>
	<u>\$ 363,128</u>	<u>\$ 367,620</u>	<u>\$ 308,763</u>	<u>\$ 404,929</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 4,523	\$ 13,190
Unrealized gains (losses)	(59,649)	54,866
Realized gains	11,806	11,908
Less: fees paid	<u>(4,339)</u>	<u>(4,586)</u>
	<u>\$ (47,659)</u>	<u>\$ 75,378</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – PROPERTY AND EQUIPMENT

At June 30, property and equipment is summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 318,729	\$ 318,729
Building and improvements	5,383,335	5,383,335
Furniture and equipment	<u>258,473</u>	<u>232,683</u>
	5,960,537	5,934,747
Less: accumulated depreciation	<u>(2,719,196)</u>	<u>(2,563,200)</u>
	<u>\$ 3,241,341</u>	<u>\$ 3,371,547</u>

Depreciation expense charged to operations totaled \$155,996 (2022) and \$155,915 (2021).

NOTE 6 – OTHER ASSETS

At June 30, other assets consisted of the following:

	<u>2022</u>	<u>2021</u>
Noncurrent Investments	\$ 174,580	\$ 186,388
Deposits	<u>-</u>	<u>10,143</u>
	<u>\$ 174,580</u>	<u>\$ 196,531</u>

NOTE 7 – ACCRUED EXPENSES

At June 30, accrued expenses consisted of the following:

	<u>2022</u>	<u>2021</u>
Accrued wages	\$ 29,939	\$ 89,474
Accrued pension payable	-	48,632
Youth payable (Transitional Living)	917	858
Other accruals	<u>869</u>	<u>716</u>
	<u>\$ 31,725</u>	<u>\$ 139,680</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – LONG-TERM DEBT

On June 30, 2022 and 2021 long-term debt consisted of a loan payable to Community Credit Union of Florida, due in monthly installments of \$6,443 including interest of 6.0% until the stipulated rate change dates. The rate change dates are February 11, 2023 and February 11, 2033, when the rate will be adjusted to a fixed rate of 3.5% over the Index (weekly average yield US Treasury securities adjusted to a constant maturity of years). The mortgage loan matures February 11, 2038 and is secured by the Organization’s land and buildings.

As a result of an inquiry by the Organization, the bank agreed to a reduced interest rate of 5.0% and corresponding monthly payments of \$5,887 beginning July 2015. The following schedule of future maturities reflects this change.

The current and long-term balances as of June 30, 2022 and 2021 for this loan are as follows:

	<u>2022</u>	<u>2021</u>
Loan payable	\$ 776,548	\$ 807,512
Less: current portion	(33,089)	(31,479)
Less: debt issuance costs	<u>(8,649)</u>	<u>(9,314)</u>
	<u>\$ 734,810</u>	<u>\$ 766,719</u>

Debt issuance costs are amortized over the term of the loan. Amortization expense of \$665 (2022 and 2021) is included in interest expense. Interest expense related to long-term debt, not including amortized loan costs, was \$40,011 (2022) and \$44,808 (2021).

Future scheduled maturities of long-term debt are as follows:

2023	\$ 33,089
2024	34,782
2025	36,562
2026	38,432
2027	40,399
Thereafter	<u>593,284</u>
	<u>\$ 776,548</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives contributed nonfinancial assets for use in its programs in the form of food, fundraising supplies, clothing, household items, and school supplies. Contributed nonfinancial assets for the year ended June 30, 2022 were as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Food	\$ 35,192	Program Services	Rstricted for use in programs	Contributed food is valued based on the retail value of the items
Fundraising supplies and promotional items	\$ 52,684	Fundraising	Restricted for use in fundraising events	Contributed fundraising supplies are valued based on the retail value of the items.
Clothing, household items, and school supplies	\$ 7,702	Program Services	No associated donor restrictions	Contributed clothing, household items, and school supplies are valued based on the retail value of the items.

The Organization received and utilized contributed nonfinancial assets totaling \$95,578 (2022) and \$130,120 (2021).

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Amy’s Memorial Endowment Fund

In 2005, the endowment known as Amy’s Memorial Endowment Fund was established to generate earnings for the direct support of the Organization and its mission and programs. As amended in 2009, the endowment agreement requires a minimum balance of \$20,000 to be maintained. Contributions and investment earnings in excess of the \$20,000 minimum balance may be spent in accordance with the endowment agreement. If the fund balance declines below \$20,000 through market forces, no expenditures are permitted from the fund until the fund balance once again exceeds \$20,000. The following summarizes the changes in the fund’s balance:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 178,392	135,325
Contributions to the fund	10,350	10,100
Investment earnings (loss), net	(22,063)	32,967
Balance, end of year	<u>\$ 166,679</u>	<u>\$ 178,392</u>

Net assets related to the fund are classified as follows:

Temporarily restricted	\$ 146,679	\$ 158,392
Permanently restricted	<u>20,000</u>	<u>20,000</u>
	<u>\$ 166,679</u>	<u>\$ 178,392</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Crosswinds Youth Services, Inc. has adopted a total return approach that emphasizes both current income and growth in principle over the long-term. The selection of a growth and income objective implies a desire to keep portfolio risk below that of common stocks, but to pursue a return greater than that provided by bonds and cash equivalents.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Line of Credit

The Organization has a \$150,000 revolving line of credit with a bank. The line of credit is collateralized by land and buildings, and is payable on demand with interest charged at a rate of 6%, and payable monthly. There were no borrowings against the line of credit as of June 30, 2021. The balance of the credit line totaled \$50,000 as of June 30, 2022.

Contingent Liability - Brevard County

During the year ended June 30, 2016 the Brevard County Board of Commissioners and the Brevard County Housing Finance Authority entered into separate agreements with the Organization to provide the necessary funding to purchase two new commercial air conditioner units. In both cases, the funding was provided through lending arrangements calling for balloon payments at maturity where the outstanding interest and principal are stated to be forgiven so long as the property is used in the Organization's programs in accordance with the agreement. The loans are secured by the land and building of the Organization. One loan was for \$90,000 maturing in July 2030 and the second was for \$44,781 maturing in March 2026. The reported balance represents the estimated current value of the equipment and is considered to be temporarily restricted. The estimated current value is determined to be the original cost of the air conditioners net of accumulated depreciation. It is management's intention to hold and use the equipment for the prescribed purpose for at least the term of the agreement when the debt is forgiven.

Contingent Liability - Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Commitments – Vehicle Leases

The Organization entered into multiple noncancelable operating lease agreements for vehicles. The agreement requires different monthly payments of approx. \$456 to \$475 individually and various expiration dates from September 2023 through January 2024. The total lease expenses charged to operations under these lease agreements totaled approximately \$17,714 during the fiscal year ending June 30, 2022.

Future minimum lease payments as of June 30 are as follows:

2023	\$	<u>4,636</u>
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CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – EMPLOYEE RETIREMENT PLANS

The Organization has a qualified employee profit sharing plan, which covers all employees who have met certain age and service requirements. The Organization’s contribution to the profit-sharing plan is determined each year at the discretion of the board of directors. There was no profit-sharing plan contribution made for the year ended June 30, 2022. The profit-sharing contribution for the year ended June 30, 2021 totaled \$46,267.

The Organization also has a retirement plan under Internal Revenue Code section 403(b). The plan permits employees to defer compensation subject to certain limitations and permits the employer to make matching and profit-sharing contributions. The plan covers all employees who have met certain age and service requirements. Employer contributions to the plan are at the discretion of the board of directors. The Organization elected not to make contributions to the plan during 2022 and 2021 fiscal years.

The Organization also has an Internal Revenue Code section 457(b) plan, which covers designated management employees who have met certain age and service requirements. The Organization contributed \$26,297 (2022) and \$26,799 (2021) to this plan.

NOTE 13 - LIQUIDITY

The Organization’s board of directors adopts a budget annually based on program requirements and anticipated revenue and expenditures for the year in an effort to manage working capital cash flows that vary due to the timing of its programs and fundraising events.

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Financial assets, at June 30, 2022	
Cash and cash equivalents	\$ 91,849
Investments	193,040
Grants/contracts receivable	334,650
Promises to give	<u>11,605</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 631,144</u>

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2023, the date that the financial statements were available to be issued, and has determined that the following subsequent event required disclosure:

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Crosswinds Youth Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Crosswinds Youth Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crosswinds Youth Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crosswinds Youth Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Crosswinds Youth Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crosswinds Youth Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grennan Fender, LLP

Grennan Fender, LLP
Melbourne, Florida
May 17, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND
CHAPTER 10.650 RULES OF THE FLORIDA AUDITOR GENERAL**

To the Board of Directors
Crosswinds Youth Services, Inc.

Report on Compliance for Each Major Federal Program and State financial project

Opinion on Each Major Federal Program

We have audited Crosswinds Youth Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Crosswinds Youth Services, Inc.'s major federal programs for the year ended June 30, 2022. Crosswinds Youth Services, Inc.'s major federal programs and state financial projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Crosswinds Youth Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial projects for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650 Rules of the Florida Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 Rules of the Florida Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Crosswinds Youth Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Crosswinds Youth Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Crosswinds Youth Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Crosswinds Youth Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Crosswinds Youth Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grennan Fender, LLP

Grennan Fender, LLP
Melbourne, Florida
May 17, 2023

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2022

I. Summary of Independent Auditor's Results

Financial Statements

- A. Type of auditor's report issued: Unmodified
- B. Internal Controls over financial reporting:
 Material weakness(es) identified? Yes ✓ No
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? Yes ✓ No
- C. Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

- D. Type of auditor's report issued on compliance for
 major programs: Unmodified
- E. Internal control over major programs:
 Material weakness(es) identified? Yes ✓ No
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? Yes ✓ No
- F. Audit findings related to 2 CFR section 200.516(a):
 Any audit findings disclosed that are required to
 be reported in accordance with 2 CFR section
 200.516(a)? Yes ✓ No
- G. Identification of major programs:

Name of Federal Program

CFDA Numbers

Basic Center Grant

93.623

- H. Dollar or percentage threshold used to distinguish
 between Type A and Type B program

\$750,000

- I. Auditee qualified as low-risk auditee?

 ✓ Yes No

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2022

I. Summary of Independent Auditor's Results (continued)
State Financial Projects

- D. Type of auditor's report issued on compliance for major State projects: Unmodified
- E. Internal control over major State projects:
 Material weakness(es) identified? Yes ✓ No
 Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes ✓ No
- F. Audit findings related to Rule 10.656:
 Any audit findings disclosed that are required to be reported in accordance with Rule 10.656? Yes ✓ No
- G. Identification of major state projects:

<u>Name of State Project</u>	<u>CFSA Numbers</u>
Children in Need of Services/Families in Need of Services (CINS/FINS)	80.005
H. Dollar or percentage threshold used to distinguish between Type A and Type B projects as described in Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, <i>State Financial Assistance</i>	<u>30%</u>

II. Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

III. Major Federal Award Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

IV. Major State Financial Assistance Projects Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Florida Single Audit Act.

**CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2022**

Other Issues

The management letter required by Auditor General Rule Section 10.656(3)(e) is not included in this report because there were no findings required to be reported.

The Summary Schedule of Prior Audit Findings is not included in this report because there were no prior audit findings related to state financial assistance projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Florida Single Audit Act.

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2022

Federal/State Agency, Pass-through Entity, State Financial Project	CFDA / CFSA No.	Grantor's Contract Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Transitional Living Program	93.550	90CX7209-03-00	\$ 72,070
	<i>Total - Transitional Living Program</i>		<u>72,070</u>
Basic Center Grant	93.623	90CY7250-01-00	50,005
Basic Center Grant	93.623	90CY7250-02-00	149,987
	<i>Total - Basic Center Grant</i>		<u>199,992</u>
Street Outreach	93.557	90YO2317-03-00	56,283
	<i>Total - Street Outreach</i>		<u>56,283</u>
Passed through Brevard Family Partnership			
Foster Care Title IV-E	93.658	ILS 1301	9,990
Independent Living	93.674	ILS1901	188,228
	93.556	RGC2103	1,290
Foster Care Title IV-E	93.658	RGC2103	25,008
Social Services Block Grant	93.667	RGC2103	33,165
	<i>Total - Passed through Brevard Family Partnership</i>		<u>257,681</u>
Passed through Embrace Families			
Foster Care Title IV-E	93.658	GJL58	26,365
Social Services Block Grant	93.667	GJL58	13,682
	<i>Total - Passed through Embrace Families</i>		<u>40,047</u>

See accompanying notes to the
Schedule of Expenditures of Federal Awards and State Financial Projects.

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Federal/State Agency, Pass-through Entity, State Financial Project	CFDA / CFSA No.	Grantor's Contract Number	Expenditures
FEDERAL AWARDS (continued)			
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program	14.267	FL0145L4H131912	17,072
Supportive Housing Program	14.267	FL0145L4H132013	62,595
Rapid Re-Housing	14.267	FL0693L4H131902	12,101
Rapid Re-Housing	14.267	FL0693L4H132003	39,510
Passed through State of Florida Department of Children and Family Services			
Emergency Shelter Grants Program	14.231	GPZ48	<u>83,734</u>
Total expenditures of federal awards			<u>\$ 841,085</u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida, Department of Juvenile Justice</u>			
Passed through Florida Network of Youth and Family Services			
Children in Need of Services/Families in Need of Services (CINS/FINS)	80.005	N/A	<u>1,020,246</u>
Total expenditures of state financial assistance			<u>\$ 1,020,246</u>
Total expenditures of federal awards and state financial assistance			<u>\$ 1,861,331</u>

See accompanying notes to the
Schedule of Expenditures of Federal Awards and State Financial Projects.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Crosswinds Youth Services, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entities

Pass-through entity identifying numbers are presented where available.

NOTE C – NONMONETARY EXPENDITURES

Nonmonetary transactions are reported on the Schedule at cost. Certain grants warrant that the grantor pays certain expenditures on behalf of the Organization. In such situations the Organization records the expenditure on the Schedule at cost.

NOTE D – INDIRECT COST RATE

Crosswinds Youth Services, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.