

**CROSSROADS COMMUNITY
SERVICES BOARD**

FINANCIAL REPORT

JUNE 30, 2022

C O N T E N T S

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INTRODUCTORY SECTION

CROSSROADS COMMUNITY SERVICES BOARD

OFFICERS, DIRECTORS, AND MANAGEMENT
For the Year Ended June 30, 2022

Board of Directors

Officers

Joseph Easter - Chairperson

Bernetta Watkins - Treasurer

Wayne Hoover - Vice Chairperson

Abigail Barnes - Secretary

Directors

Chuck Arnason

Garland Hamlett

Beverly Booth

Thomas Jordan Miles, III

Carmalita Escoto

Robert Saunders

Chanda Giles

Helen Simmons

Vacant

Holly Steele

Management

Executive Director

Dr. Melba Moore

Director of Finance

B J Hicks, CPA

Financial Services Coordinator

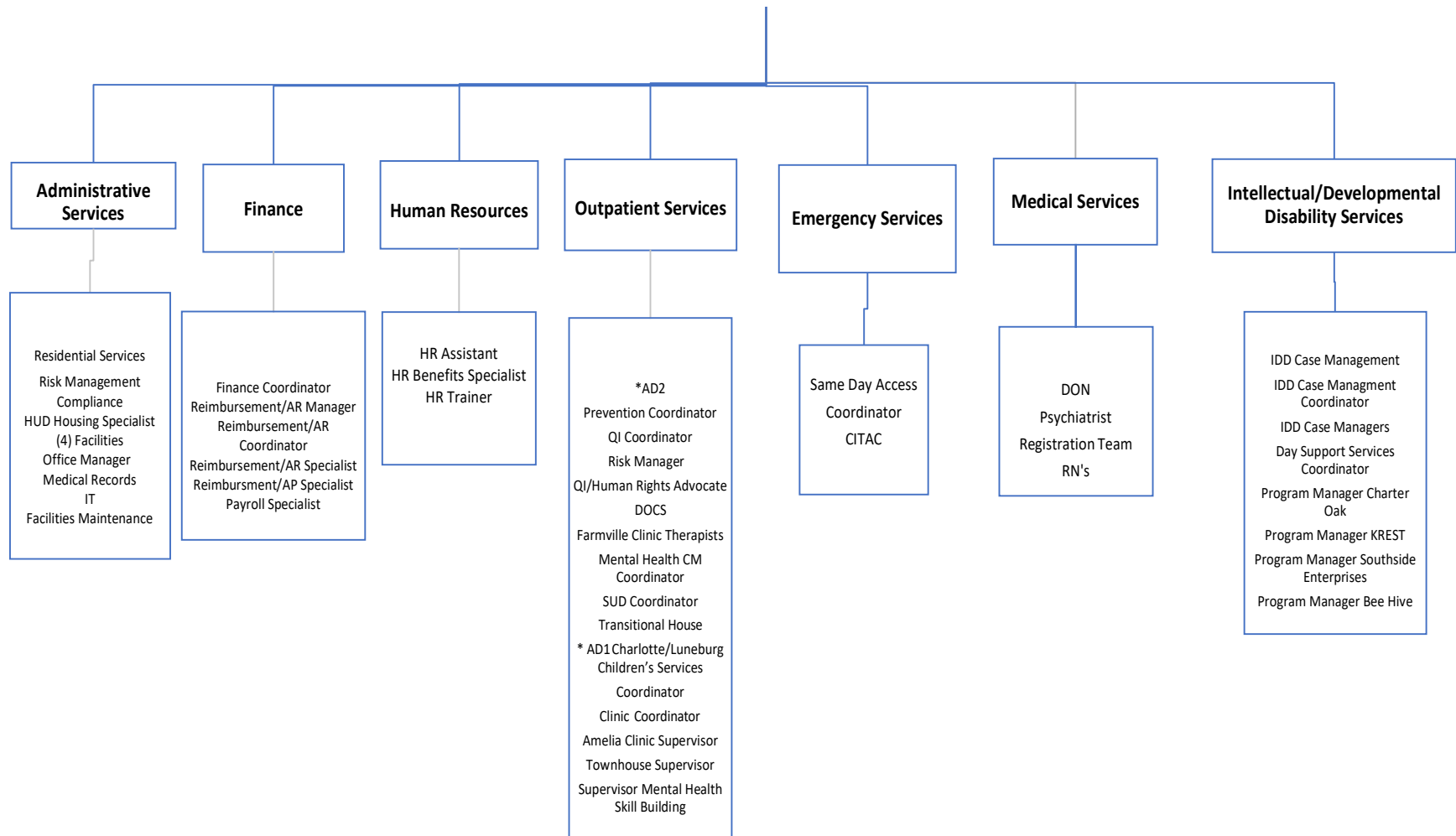
Theresa Crenshaw

CROSSROADS COMMUNITY SERVICES BOARD

ORGANIZATIONAL CHART

Serving the Counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, and Prince Edward
For the Year Ended June 30, 2022

Dr. Melba R. Moore
Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crossroads Community Services Board
Farmville, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of net position, revenues, expenses, and changes in net position, and cash flows of the Crossroads Community Services Board (the Agency), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 the Agency'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 the Agency'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statement.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. 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 basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this financial report. The other information comprises the introductory and other supplementary information sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022 on our consideration of the Agency'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 the Agency'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 the Agency's internal control over financial reporting and compliance.

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Danville, Virginia
November 30, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

The following discussion and analysis of Crossroads Community Services Board's (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal years ended June 30, 2022 (2022) and June 30, 2021 (2021). Please read this information in conjunction with the Agency's financial statements.

Overview of the Financial Statements

The Agency presents three basic financial statements. These are: (1) statements of net position; (2) statements of revenues, expenses, and changes in net position; and (3) statements of cash flows.

The Agency's financial position is measured in terms of resources (assets) which the Agency owns and obligations (liabilities) that the Agency owes on a given date. This information is reported on the statements of net position, which reflects the Agency's assets and deferred outflows of resources (if any), in relation to its liabilities which include its debts to its suppliers, employees and other creditors, and deferred inflows of resources (if any). The excess of the Agency's assets over liabilities is its equity, or net position. The statements of revenues, expenses, and changes in net position reports the changes in the Agency's net position. The statements of cash flows reports the Agency's cash transaction activity and reconciles this activity to the net excess (deficiency) of revenues over (under) expenses.

Financial Summary

Financial Position

A summary of the Agency's Statements of Net Position for 2022, 2021, and 2020 is presented as follows:

CONDENSED STATEMENTS OF NET POSITION

	2022	2021	2020
<i>Current assets</i>	\$ 12,968,412	\$ 12,639,605	\$ 13,330,971
<i>Current assets restricted</i>	1,141,099	1,220,084	1,205,774
<i>Noncurrent assets</i>	5,155,930	5,099,922	5,513,920
<i>Total assets</i>	<u>\$ 19,265,441</u>	<u>\$ 18,959,611</u>	<u>\$ 20,050,665</u>
<i>Current liabilities</i>	\$ 987,514	\$ 1,154,785	\$ 1,062,846
<i>Current liabilities payable from restricted assets</i>	75,973	158,274	147,691
<i>Long-term liabilities</i>	525,669	703,643	2,317,143
<i>Total liabilities</i>	<u>\$ 1,589,156</u>	<u>\$ 2,016,702</u>	<u>\$ 3,527,680</u>
<i>Investment in capital assets, net of related capital debt</i>	\$ 5,000,354	\$ 4,727,254	\$ 4,930,488
<i>Temporarily restricted net position</i>	1,067,185	206,465	500,910
<i>Unrestricted net position</i>	11,608,746	12,009,190	11,091,587
<i>Total net position</i>	<u>\$ 17,676,285</u>	<u>\$ 16,942,909</u>	<u>\$ 16,522,985</u>

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Financial Summary (Continued)

Financial Position (continued)

The current financial position of the Agency is stable. This is evidenced by the Agency's liquidity. The current ratio (current assets/current liabilities) of the Agency was 13.13, 10.95, and 12.54, for 2022, 2021, and 2020, respectively.

The portion of net position which represents the amount the Agency has invested in capital assets, net of related capital debt, decreased by approximately 1.23% from 2020 to 2021 and increased by 0.39% from 2021 to 2022, approximately.

Changes in Net Position

A summary of the Agency's statements of revenues, expenses, and changes in net position for 2022, 2021, and 2020 is presented as follows:

CONDENSED STATEMENTS OF NET POSITION

	2022	2021	2020
<i>Current assets</i>	\$ 12,968,412	\$ 12,639,605	\$ 13,330,971
<i>Current assets restricted</i>	1,141,099	1,220,084	1,205,774
<i>Noncurrent assets</i>	5,155,930	5,099,922	5,513,920
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<i>Total net position</i>	<u>\$ 17,676,285</u>	<u>\$ 16,942,909</u>	<u>\$ 16,522,985</u>

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Financial Summary (Continued)

Changes in Net Position (continued)

The following data is intended to provide a comparison of all major revenue sources for the fiscal years ended June 30:

	2022	2021	2020
<i>Revenues</i>			
<i>Net individual service revenue</i>	\$ 11,733,306	\$ 10,153,156	\$ 11,835,091
<i>Other</i>	437,844	411,449	437,349
<i>State</i>	3,249,367	2,779,554	3,200,833
<i>Federal</i>	1,305,208	1,562,285	1,001,671
<i>Local</i>	354,000	373,600	374,000
<i>Interest income</i>	19,772	17,192	63,902
<i>PPP loan forgiveness</i>	-	1,547,922	949,105
<i>Rent income</i>	8,631	8,441	8,857

The following data is intended to provide a comparison of all expenditures by line item for the fiscal years ended June 30:

	2022	2021	2020
<i>Expenses</i>			
<i>Personnel</i>	\$ 13,006,695	\$ 13,360,448	\$ 13,096,284
<i>Staff development</i>	79,502	51,253	50,149
<i>Facilities</i>	782,889	713,478	679,796
<i>Supplies and equipment maintenance</i>	739,384	489,939	788,945
<i>Travel</i>	292,610	292,041	403,762
<i>Consultant/contract</i>	841,558	844,811	722,807
<i>Depreciation</i>	405,990	453,969	559,739
<i>Miscellaneous</i>	219,794	216,221	133,608
<i>Interest expense on capital note</i>	6,330	11,515	16,275

Operating revenue is defined as the amount of revenue received from providing individual services. The vast majority of those funds are received from Medicaid. From 2020 to 2021, the Agency had a decrease in operating revenue of approximately 13.92%. From 2021 to 2022, the Agency had an increase in operating revenue of approximately 15.21%.

Operating expenses are comprised of the direct expenses of operating the Agency. These include salaries and benefits, occupancy, payments to contracting other agencies, and depreciation. From 2020 to 2021, operating expenses decreased by approximately 0.08%. From 2021 to 2022, operating expenses decreased by approximately 0.33%.

Nonoperating revenue is comprised of income received as appropriations or grants as well as miscellaneous income. For 2022, appropriations from the Commonwealth of Virginia constitute approximately 65.82% of nonoperating revenue, while grants from the Federal Government and appropriations from local governments constitute approximately 26.44% and 7.17%, respectively.

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Financial Summary (Continued)

Changes in Net Position (continued)

For 2021, forgiveness from the Paycheck Protection Program loan was also included in nonoperating revenue and constitutes approximately 24.61%.

From 2020 to 2021, nonoperating revenue increased by approximately 12.34%. From 2021 to 2022, nonoperating revenue decreased by approximately 21.50%.

For 2022 and 2021, the main contributing factor to the net excess of revenues over expenses in the amounts of \$733,376 and \$419,924, respectively, was related to an increase in government appropriations and the forgiveness of the Paycheck Protection Program loan.

Cash Flows

A summary of the Agency's Statements of Cash Flows for 2022, 2021, and 2020 is presented as follows:

CONDENSED STATEMENTS OF CASH FLOWS

	2022	2021	2020
<i>Net cash (used) by operating activities</i>	\$ (3,999,568)	\$ (5,009,406)	\$ (3,622,987)
<i>Net cash provided by noncapital financing activities</i>	4,908,575	4,715,439	4,576,504
<i>Net cash (used) provided by capital and financing activities</i>	(685,420)	(262,250)	2,252,034
<i>Net cash provided by investing activities</i>	8,198	8,589	9,240
<i>Net increase (decrease) in cash and cash equivalents</i>	231,785	(547,628)	3,214,791
<i>Cash and cash equivalents - beginning of year</i>	8,762,785	9,310,413	6,095,622
<i>Cash and cash equivalents - end of year</i>	<u>\$ 8,994,570</u>	<u>\$ 8,762,785</u>	<u>\$ 9,310,413</u>

The above represents the actual changes (flows) in cash.

Cash flows from operating activities reconcile the operating (loss) recorded on the statements of revenues, expenses, and changes in net position to cash used by operating activities. In this process, the operating (loss) is decreased by the amount of any noncash transactions (i.e. depreciation) and adjusted for changes in assets and liabilities. Please see the statements of cash flows for a full listing of these transactions.

Cash flows from noncapital financing transactions are comprised of income received as appropriations or grants. Please see the changes in net position discussion section above. Cash flows from capital and financing activities are comprised of capital assets purchased and sold by the Agency. Please see Note 6 for a full listing of capital assets. Cash flows from investing activities are comprised of interest transactions and the purchase of investments.

Economic Factors

Current economic factors which affected the Agency the most were conditions that continue to affect a large write-off of Medicaid accounts receivable which are due in part to changes in billing and collection procedures.

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Financial Summary (Continued)

Economic Factors (continued)

Future economic conditions will affect the Agency's net position. Future changes in various state regulations will affect how the Agency will provide its services. However, it is unclear at this time whether or not these future changes will have a positive or negative effect on the Agency's net position.

Budgetary Analysis

Please see the budget to actual comparison of revenues and expenses schedule for a complete variance analysis of budget to actual figures.

For 2022, the largest favorable budget to actual variance is attributed to appropriations from the federal government which is reported to have a \$439,145 favorable variance between budget to actual revenue. Additional federal funding received near the end of the year was the primary contributing factor to this variance.

For 2022, the largest unfavorable variance is attributed to other revenues which reported to have an unfavorable variance of \$354,899 between budget to actual revenue. A reduction in certain funding sources was the primary contributing factor to this variance.

Capital Assets and Debt Administration

Capital Assets

The Agency's gross total of capital assets approximately consists of the following asset types at June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Land</i>	4%	4%	4%
<i>Building and improvements</i>	59%	58%	58%
<i>Furniture and equipment</i>	12%	12%	12%
<i>Vehicles</i>	25%	26%	26%

Long-Term Debt

As stated in Note 8, the Agency has one outstanding long-term capital note with Wells Fargo Bank, N.A. On November 11, 2019, the Agency renewed the note originally due in October 2019. The balance of this note at June 30, 2022 was \$155,576. Please see Note 8 for additional details.

Paycheck Protection Program

The Agency received \$2,497,027 through the Small Business Association (SBA) in connection with the Paycheck Protection Program due to the COVID-19 pandemic in 2020.

**Crossroads Community Services Board
Management Discussion and Analysis
For the Years Ended June 30, 2022 and 2021**

Summary

The statements of net position reflect that on June 30, 2022, the Agency had 13.13 times more current assets than current liabilities.

The statements of revenues, expenses, and changes in net position report that the net position of the Agency increased by \$733,376 during 2022 as a result of operations.

The statements of cash flows report that cash increased by \$231,785 in 2022.

As stated above, the financial position of the Agency is measured in terms of resources (assets and deferred outflows, if any) which are owned and obligations (liabilities and deferred inflows, if any) which are owed on a given date. The Agency's liquidity displays a stable and secure financial position.

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BASIC FINANCIAL STATEMENTS

CROSSROADS COMMUNITY SERVICES BOARD

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

See Independent Auditors' Report

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,186,337	\$ 11,946,294
Prepaid expenses	54,284	65,702
Fees receivable (net of allowance for doubtful accounts)	644,634	565,073
Other assets	83,157	62,536
Restricted current assets:		
Cash held for consumers	75,973	158,274
Restricted cash - held in escrow	1,065,126	1,061,810
Total current assets	<u>14,109,511</u>	<u>13,859,689</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	5,155,930	5,099,922
Total capital assets	<u>5,155,930</u>	<u>5,099,922</u>
Total assets	<u>\$ 19,265,441</u>	<u>\$ 18,959,611</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accruals	\$ 708,949	\$ 824,690
Claim reserve - third party payor	122,989	122,989
Current portion of long-term debt	155,576	207,106
	<u>987,514</u>	<u>1,154,785</u>
Current liabilities payable from restricted assets:		
Consumer deposits	75,973	158,274
Total current liabilities	<u>1,063,487</u>	<u>1,313,059</u>
Long-term liabilities:		
Long-term debt non-current portion	-	165,562
Accrued leave	525,669	538,081
Total long-term liabilities	<u>525,669</u>	<u>703,643</u>
Total liabilities	<u>1,589,156</u>	<u>2,016,702</u>
Net position:		
Investment in capital assets, net of related debt	5,000,354	4,727,254
Temporarily restricted net position	1,067,185	206,465
Unrestricted net position	11,608,746	12,009,190
Total net position	<u>17,676,285</u>	<u>16,942,909</u>
Total liabilities and net position	<u>\$ 19,265,441</u>	<u>\$ 18,959,611</u>

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

CROSSROADS COMMUNITY SERVICES BOARD

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

See Independent Auditors' Report

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Net services revenue	\$ 11,733,306	\$ 10,153,156
Other revenues	437,844	411,449
Total operating revenues	<u>12,171,150</u>	<u>10,564,605</u>
Operating expenses:		
Personnel	13,006,695	13,360,448
Staff development	79,502	51,253
Facilities	782,889	713,478
Supplies and equipment maintenance	739,384	489,939
Travel	292,610	292,041
Consultant/contract	841,558	844,811
Depreciation	405,990	453,969
Miscellaneous	219,794	216,221
Total operating expenses	<u>16,368,422</u>	<u>16,422,160</u>
Operating (loss)	<u>(4,197,272)</u>	<u>(5,857,555)</u>
Non-operating income (expense):		
Appropriations from government:		
State	3,249,367	2,779,554
Federal	1,305,208	1,562,285
Local	354,000	373,600
Interest income	19,772	17,192
Interest expense on capital note	(6,330)	(11,515)
PPP loan forgiveness	-	1,547,922
Rent income	8,631	8,441
Total non-operating income	<u>4,930,648</u>	<u>6,277,479</u>
Total change in net position	733,376	419,924
Net position, beginning of year	16,942,909	16,522,985
Net position, end of year	<u>\$ 17,676,285</u>	<u>\$ 16,942,909</u>

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

CROSSROADS COMMUNITY SERVICES BOARD

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

See Independent Auditors' Report

	2022	2021
Cash flows from operating activities:		
Cash received for services provided	\$ 11,653,745	\$ 10,379,270
Other unrestricted operating revenue	446,475	420,576
Cash payments for personnel	(13,109,679)	(13,160,931)
Cash payments for supplies and other operating needs	(2,990,109)	(2,648,321)
Net cash (used in) operating activities	<u>(3,999,568)</u>	<u>(5,009,406)</u>
Cash flows from non-capital financing activities:		
State appropriations	3,249,367	2,779,554
Federal appropriations	1,305,208	1,562,285
Local appropriations	354,000	373,600
Net cash provided by non-capital financing activities	<u>4,908,575</u>	<u>4,715,439</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(461,998)	(39,971)
Payments on capital note payable	(217,092)	(210,764)
Interest paid on capital note	(6,330)	(11,515)
Net cash (used in) capital and related financing activities	<u>(685,420)</u>	<u>(262,250)</u>
Cash flows from investing activities:		
Purchase of investments, net	(8,258)	(4,876)
Invested in cash restricted loan	(3,316)	(3,727)
Interest income	19,772	17,192
Net cash provided by investing activities	<u>8,198</u>	<u>8,589</u>
Net increase (decrease) in cash and cash equivalents	231,785	(547,628)
Cash and cash equivalents:		
Beginning of year	8,762,785	9,310,413
End of year	<u>\$ 8,994,570</u>	<u>\$ 8,762,785</u>
Reconciliation of change in net position to net cash (used in) operations:		
Change in net position	\$ 733,376	\$ 419,924
Adjustments to reconcile change in net position to net cash (used in) operating activities:		
Depreciation and amortization	405,990	453,969
Non-capital financing activities	(4,908,575)	(4,715,439)
Forgiveness of PPP loan	-	(1,547,922)
Interest expense	6,330	11,515
Interest (income)	(19,772)	(17,192)
Changes in assets and liabilities:		
Prepaid expenses	11,418	(19,803)
Accounts receivable - various	(79,561)	226,114
Other assets	(20,621)	(57,697)
Accounts payable and accruals	(115,741)	97,011
Accrued leave	(12,412)	140,114
Net cash (used in) operating activities	<u>\$ (3,999,568)</u>	<u>\$ (5,009,406)</u>

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

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Purpose

The Crossroads Community Services Board (the Agency) operates as a cooperative venture among the Counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg, Nottoway, and Prince Edward in the establishment and operation of community mental health and intellectual disability and substance abuse programs as provided for in Chapter 5 of Title 37.2 of the Code of Virginia (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. In addition, the Agency provides a system of community mental health and intellectual disabilities and substance abuse services which relate to and are integrated with existing and planned programs. The major sources of revenue include individual fees, third-party payments by insurance companies, Medicaid, Medicare, and contract revenue. The Agency is also funded by appropriations from federal, state, and local governments.

Note 2. Summary of Significant Accounting Policies

Financial reporting entity:

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies consistent with these principles are described below.

Reporting agency:

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting Agency includes all net positions that are controlled by or dependent upon the Agency as determined on the basis of the following:

1. The Agency's ability to designate the management or significantly control the operations of the entity.
2. The Agency's responsibility for the fiscal matters of the entity including authorizations of budgetary appropriations, funding of operating deficiencies, control or use of surplus funds, responsibility for debts, and control over the collections and disbursements of funds.
3. The scope of public services rendered and the geographic location of the Agency.

Excluded from the reporting entity are: Residential Opportunities, Inc. (ROI), Housing Opportunities, Inc. (HOI), and Housing Alternatives, Inc. (HAI). These entities have separate appointed boards and provide rental housing to elderly and disabled persons generally within the geographic boundaries of the counties served by the Agency. These entities are excluded from the reporting entity because the Agency does not have the ability to exercise influence or control over rents, budgets, and loans from the United States Department of Housing and Urban Development (HUD).

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Virginia Department of Behavioral Health and Developmental Services (DBHDS). The principles prescribed by GASB represent accounting principles generally accepted in the United States of America applicable to governmental units.

In accordance with the determination by the Virginia Department of Behavioral Health and Developmental Services that all operating service boards in Virginia are governmental healthcare entities, the Agency follows the governmental enterprise model. Under this reporting model, the Agency, for reporting purposes, utilizes the accrual basis of accounting as required by accounting principles generally accepted in the United States of America whereby revenues are recognized in the year when earned and expenses are reported when the underlying obligations are incurred.

Operating revenues and expenses reported in the Statements of Revenues, Expenses, and Changes in Net Position include revenues and expenses related to the primary, continuing operations of the Agency. Principal operating revenues are charges to individuals for services and operating expenses are for the related cost of such services including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

Budgets and budgetary accounting:

The Agency's annual budget is a management tool that assists users in analyzing financial activity for each of its fiscal years ending June 30. The Agency's largest funding source is fee-for-service payments, primarily from Medicaid and other insurers. Federal, state, and local appropriations are also significant revenue sources that have periods that may or may not coincide with the Agency's fiscal year. These appropriations normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the Agency's dependency on uncertain fee revenues and on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Agency's annual budget differs from that of a local government due to the uncertain nature of fee-for-service payments from other payors.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Budgets and budgetary accounting (continued):

The following procedures are used by the Agency in establishing the budgetary data in reference to the DBHDS's Performance Contract:

1. The Executive Director submits to the Board of Directors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and means of financing them.
2. The budget is submitted to the seven counties for approval prior to June 30.
3. Prior to June 30, the budget is enacted through passage of a Budget Resolution.
4. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents:

For purposes of the Statements of Cash Flows, cash and cash equivalents are considered to be unrestricted highly liquid depository accounts.

Operating revenues and expenses:

Operating revenues are those revenues that are generated from the primary operations of the Agency. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Agency. All other expenses are reported as non-operating expenses.

Net services revenue:

Individual fees, third-party payments by insurance companies, Medicaid, Medicare, and contract revenue, net of refunds and adjustments (including bad debts) are reported as net individual service revenue at the net realizable amount in the accompanying financial statements.

Cash held for individuals:

The Agency has been named the designated payee for certain federal benefits to which some residential individuals are entitled. The receipts and disbursements of these funds do not represent revenues or expenses of the Agency.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Capital assets:

Acquisitions of capital assets having a purchase value of \$1,000 or greater are capitalized at cost. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets as determined by the Agency.

Estimated useful lives, in years, for depreciable assets are as follows:

	<u>Years</u>
Buildings	30
Improvements	10-30
Vehicles	3 - 5
Furniture and equipment	3 - 10

Allowance for Uncollectible Accounts:

The Agency calculates its allowance for uncollectible accounts using historical collection data. The allowance amounted to \$104,795 and \$91,658 at June 30, 2022 and 2021, respectively.

Income tax:

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is registered with the Commonwealth of Virginia as a non-profit organization. There is no unrelated business income which would be subject to taxation; and therefore, there is no provision for income taxes.

Advertising expenses:

The Agency expenses advertising costs (primarily for recruitment) as incurred. Advertising expense amounted to \$113,781 and \$78,874 for the years ended June 30, 2022 and 2021, respectively.

Use of estimates:

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

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred outflow/inflow of resources:

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency does not have any deferred outflows of resources as of June 30, 2022 and 2021.

In addition to liabilities, the statements of net position may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency does not have any deferred inflows of resources as of June 30, 2022 and 2021.

Net position:

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

The Agency may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted or used before unrestricted net position is applied.

Grants received but not expended are carried as net position - temporarily restricted until such time as they are expended or refunded, if applicable. For the year ended June 30, 2022, the Agency had a net position - temporarily restricted of \$1,067,185 due to state and federal funds that were awarded but unspent at year end. For the year ended June 30, 2021, the Agency had a net position - temporarily restricted of \$206,465 due to state and federal funds that were awarded but unspent at year end.

Note 3. Cash and Investments

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. seq. of the Code of Virginia (1950), as amended. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Investments:

Statutes authorize local government and other public bodies, such as the Agency, to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments are stated at fair value.

Investments in the State Treasurer's Local Government Investment Pool (LGIP) are a non-categorizing investment.

At June 30, 2022 and 2021, the Agency's deposit and investment balances were as follows:

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Investments not subject to categorization</u>				
Investment in State Treasurer's Local Government Investment Pool (LGIP)	\$ 3,191,767	\$ 3,191,767	\$ 3,183,509	\$ 3,183,509
Cash and cash equivalents	8,990,820		8,759,310	
Cash on hand	3,750		3,475	
Total cash and cash equivalents unrestricted	8,994,570		8,762,785	
Total cash and investments	12,186,337		11,946,294	
Cash (certificate of deposit) restricted for capital note	1,065,126		1,061,810	
	<u>\$ 13,251,463</u>		<u>\$ 13,008,104</u>	

The State Treasury Board provides oversight for the LGIP. The fair value of a participant's position in the pool approximates the value of the participant's pool shares, and the participant's shares are not identified with specific investments.

Credit risk:

As of June 30, 2022, credit risk for the Agency's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Investment in Treasurer's Local Government Investment Pool	AAAm	Standard and Poor's	<u>\$ 3,191,767</u>

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party's possession.

The Agency's investment in the LGIP represents a proportionate share of the pool's portfolio; however, the Agency's portion is not identified with specific investments and is not subject to custodial credit risk.

Interest rate risk:

The Agency does not have a formal investment policy with respect to interest rate risk. Portfolio securities have a remaining maturity of thirteen months or less. Floating rate sovereign government securities have a remaining maturity of two years or less.

The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.

Note 4. Lease Commitments

The Agency leases office space and other facilities from various lessors. Rent expense was \$105,024 and \$131,652 the fiscal years ended June 30, 2022 and 2021, respectively. There are no future minimum lease payments as of June 30, 2022 as the current leases are month to month.

Note 5. Compensated Absences

Employees are entitled to certain compensated absences based upon length of employment. Paid time off (PTO) includes vacation and certain other compensated absences that vest with the employee. Provision for the estimated liability for these compensated absences has been recorded in the financial statements totaling \$525,669 in the long-term obligations.

The following is a summary of compensated absences' transactions of the Agency for the years ended June 30, 2022 and 2021:

Balance payable at June 30, 2020	\$ 397,967
Increase, net	<u>140,114</u>
Balance payable at June 30, 2021	538,081
Decrease, net	<u>(12,412)</u>
Balance payable at June 30, 2022	<u><u>\$ 525,669</u></u>

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 6. Changes in Capital Assets

A summary of changes in capital assets for the years ended June 30, 2022 and 2021, is summarized below:

	Capital Assets					
	Balance	2021		Balance	2022	
	June 30, 2020	Additions	Reductions	June 30, 2021	Additions	Reductions
Land	\$ 542,548	\$ -	\$ -	\$ 542,548	\$ 29,806	\$ -
Buildings and improvements	7,931,645	28,109	-	7,959,754	377,539	-
Vehicles	3,545,603	-	-	3,545,603	-	-
Furniture and equipment	1,707,432	11,862	-	1,719,294	54,653	578
	<u>13,727,228</u>	<u>39,971</u>	<u>-</u>	<u>13,767,199</u>	<u>461,998</u>	<u>578</u>
	Accumulated Depreciation					
	Balance	2021		Balance	2022	
	June 30, 2020	Additions	Reductions	June 30, 2021	Additions	Reductions
Land	-	-	-	-	-	-
Buildings and improvements	3,497,837	274,048	-	3,771,885	287,133	-
Vehicles	3,224,881	135,370	-	3,360,251	69,250	-
Furniture and equipment	1,490,590	44,551	-	1,535,141	49,607	578
	<u>8,213,308</u>	<u>453,969</u>	<u>-</u>	<u>8,667,277</u>	<u>405,990</u>	<u>578</u>
Totals	<u>\$ 5,513,920</u>	<u>\$ (413,998)</u>	<u>\$ -</u>	<u>\$ 5,099,922</u>	<u>\$ 56,008</u>	<u>\$ -</u>

Note 7. Contingent Liabilities

Federal programs in which the Agency participates were audited in accordance with the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to the provisions, all programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Capital Notes

As of June 30, 2022, annual requirements to amortize the long-term capital notes and related interest are as follows:

Year Ending June 30	Principal	Interest
2023 - current portion	\$ 155,576	\$ 1,340
2024	-	-
	<u>\$ 155,576</u>	<u>\$ 1,340</u>

Changes in Long-Term Capital Notes:

The following is a summary of the long-term capital notes transactions of the Agency for the years ended June 30, 2022 and 2021:

Note balances at June 30, 2020	\$ 583,432
Increase in note balances	-
Retirements	<u>(210,764)</u>
Note balances at June 30, 2021	372,668
Increase in note balances	-
Retirements	<u>(217,092)</u>
Note balances at June 30, 2022	<u>\$ 155,576</u>

Details of Long-Term Capital Notes:

\$451,144.07, Wells Fargo Bank, N.A. loan dated November 19, 2019. Note payable in monthly installments of \$9,833.43, including interest at 2.20% and a final balloon payment at maturity estimated at November 30, 2022. The loan is secured as to payment by the assignment under a Security Agreement with restricted cash of \$755,247 (presented in the accompanying financial statements as all current at June 30, 2022). The collateral (restricted cash) is subject to release for aggregate amount of retirement on note once a year.

\$ 155,576

\$300,000, Wells Fargo Bank, N.A. loan dated May 15, 2019. Note payable in monthly installments of \$8,689.76, including interest at 2.62% with final maturity estimated at May 31, 2022. The loan is secured as to payment by the assignment under a Security Agreement with restricted cash of \$306,562 (presented in the accompanying financial statements as all current at June 30, 2022). The collateral (restricted cash) is subject to release for aggregate amount of retirement on note once a year.

\$ -

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Capital Notes (Continued)

Line of Credit:

The Agency has a \$450,000 line of credit with Wells Fargo Bank, N.A. The interest rate on the line of credit is variable based on the LIBOR index. As of June 30, 2022, the Agency does not have an outstanding balance on the line of credit.

Note 9. Retirement Plans

Defined Contribution Plans:

Profit-Sharing Plan

The Agency provides pension benefits for all of its active employees who have completed one year of service through the Crossroads Community Services Board Profit-Sharing Plan, a defined contribution plan (the Plan) under Internal Revenue Code Section 401(a). The Plan is a single-employer noncontributory individual participant directed account plan administered by Principal Financial Group of the Principal Life Insurance Company. In a participant directed defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings based on the participants' account investments. Annual contributions to the Plan are determined by the Board of Directors and participants are fully vested after six years of service. The Agency's payroll for employees covered by the Plan for the years ended June 30, 2022 and 2021, was \$7,183,425 and \$8,213,820, respectively, of a total payroll of \$9,486,733 and \$9,794,047, respectively, for all employees. The Agency contributed 8%, less forfeitures, which is \$544,959 and \$648,969, of covered employees' payroll for the years ended June 30, 2022 and 2021, respectively. Forfeitures for the years ended June 30, 2022 and 2021 were \$29,715 and \$11,690, respectively. At June 30, 2022 and 2021, the Plan's assets and fair value as stated in the Plan's financial report were as follows:

	2022	2021
	Fair Value	Fair Value
Due from Agency	\$ 544,959	\$ 648,969
Mutual funds	7,318,917	8,984,097
	<u>\$ 7,863,876</u>	<u>\$ 9,633,066</u>

Matching Tax Deferred Savings Plan

The Agency provides through the Crossroads Community Services Board Matching Tax Deferred Savings Plan (the Plan) for its employees pursuant to Section 403(b) of the Internal Revenue Code a participant directed contributory retirement plan. The Plan is administered by Principal Financial Group of the Principal Life Insurance Company. A participant can make fully vested elective deferrals to the Plan to the maximum amount allowed by law. The Agency matches the participant's contribution up to 3% of compensation of the participant.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 9. Retirement Plans (Continued)

Defined Contribution Plans (Continued):

Matching Tax Deferred Savings Plan (Continued)

All full-time employees of the Agency are eligible upon their date of hire and are fully vested as to the Agency's contributions after six years of service, death, disability, and early or normal retirement. Forfeitures will be used to reduce future Agency contributions to the Plan. Forfeitures for the years ended June 30, 2022 and 2021 were \$10,021 and \$4,671, respectively.

The contributions to the Plan for the years ended June 30, 2022 and 2021, were as follows:

	Contributions	
	2022	2021
Agency, net of forfeitures	\$ 124,796	\$ 140,018
Participants	212,645	214,687
	<u>\$ 337,441</u>	<u>\$ 354,705</u>

At June 30, 2022 and 2021, the Plan assets at fair value were as follows:

	2022	2021
	Fair Value	Fair Value
Mutual funds	\$ 4,626,819	\$ 5,819,876
Loans to participants	141,734	30,129
	<u>\$ 4,768,553</u>	<u>\$ 5,850,005</u>

The Agency has the authority to amend the Plans; and, although the Agency has no intention to do so, it may terminate the Plans at any time, subject to the Plans' provisions, the Internal Revenue Code and the *Employee Retirement Income Security Act of 1974* (ERISA).

For additional information on each Plan, please refer to each Plan's audited financial statements.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 10. Local Contributions

Contributions for the years ended June 30, 2022 and 2021, by the localities and other sources consisted of the following:

	2022	2021
County of Amelia	\$ 69,000	\$ 69,000
County of Buckingham	40,000	39,600
County of Charlotte	68,000	73,000
County of Cumberland	32,000	37,000
County of Lunenburg	53,000	53,000
County of Nottoway	37,000	42,000
County of Prince Edward	55,000	60,000
	<u>\$ 354,000</u>	<u>\$ 373,600</u>

Note 11. Surety Bonds

	Limits of Liability Per Occurrence/ <u>Unlimited Aggregate</u>
Virginia Local Government Risk Management Plan -	
Public Officials and Employees Legal Liability Coverage	
Officers and Members of the Board of Directors and Employees of Crossroads Community Services Board	<u>\$ 1,000,000</u>
Medical Malpractice	<u>\$ 2,000,000</u>

Note 12. Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. There have been no significant changes in coverage in the past two years nor significant claims or settlements.

Note 13. Related Organizations

The Agency is indirectly related to Residential Opportunities, Inc. (ROI), Farmville, Virginia, as the organizations share some of the same officers and employees. ROI is a nonprofit corporation organized to operate exclusively for charitable purposes. ROI owns and operates the Timberlake Village Apartments located in Farmville, Virginia, which is a rental housing project to house elderly families and elderly persons in accordance with the provisions of Section 202, *Housing Act of 1959*, as amended. The Agency receives from ROI \$855 per month under a management agreement with HUD. The total management fees for the years ended June 30, 2022 and 2021, were \$10,260 and \$7,020, respectively.

CROSSROADS COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

Note 13. Related Organizations (Continued)

The Agency is also indirectly related to Housing Opportunities, Inc. (HOI) and Housing Alternatives, Inc. (HAI), both of Farmville, Virginia, as the organizations share some of the same officers and employees. HOI and HAI are nonprofit corporations organized to operate, exclusively for charitable purposes, the Timberlake Village II Apartments and Evergreen Manor, located in Farmville, Virginia, as rental housing projects to house disabled persons in accordance with the provisions of Section 811, National Affordable Housing Act. The Agency receives from HOI \$855 per month and HAI \$684 per month under management agreements with HUD. The total management fees for each of the years ended June 30, 2022 and 2021, from HOI was \$10,260. The total management fees for the years ended June 30, 2022 and 2021, from HAI were \$8,208 and \$8,194, respectively.

The Agency also charges each related organization for employee salaries and fringe benefits for those employees who work with each related organization. For the year ended June 30, 2022, the Agency charged ROI \$36,145, HOI \$22,060, and HAI \$19,710 for salaries and fringe benefits.

For ROI, for the years ended June 30, 2022 and 2021, the Agency had accounts receivable of \$58,272 and \$19,890, respectively. For HOI, for the years ended June 30, 2022 and 2021, the Agency had accounts receivable of \$0 and \$19,867, respectively. For HAI, for the years ended June 30, 2022 and 2021, the Agency had accounts receivable of \$21,520 and \$19,867, respectively.

Note 14. Accounting for Uncertainty in Income Taxes

The Agency has implemented FASB ASC 740-10 regarding Accounting for Uncertainty in Income Taxes. The Agency does not currently have any unrelated business taxable income. The Agency is subject to routine audits by taxing jurisdictions. However, currently no audits of any tax periods are in progress. Management of the Agency believes that the Agency is no longer subject to income tax examinations for the years prior to June 30, 2019.

Note 15. Subsequent Events and Management Review

The Agency must disclose the date through which subsequent events have been evaluated, in accordance with the requirements in FASB ASC Paragraph 855-10-50-1. In regard to these financial statements, the Agency has evaluated all subsequent events through November 30, 2022 the date the Agency's financial statements were available to be issued.

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**SUPPLEMENTARY
STATEMENTS AND SCHEDULES**

CROSSROADS COMMUNITY SERVICES BOARD

RECONCILIATION OF REVENUES AND EXPENSES 4TH QUARTER REPORT AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED) For the Year Ended June 30, 2022

Schedule 1

	<u>Mental Health</u>	<u>Developmental Services</u>	<u>Substance Use Disorder</u>	<u>Other</u>	<u>Total</u>
REVENUES					
Per 4th Quarter Report	\$ 8,547,298	\$ 6,590,752	\$ 2,086,470	\$ -	\$ 17,224,520
Accruals/adjustments					
Adjust accounts receivable	103,656	127,028	9,642	(194,358)	45,968
Adjust reserve for uncollectible accounts	1,389	1,712	129	(16,367)	(13,137)
Interest and other income, transfers between programs	(456,789)	274,707	207,168	3,317	28,403
Other	<u>923,883</u>	<u>(549,412)</u>	<u>(552,097)</u>	<u>-</u>	<u>(177,626)</u>
Per Audited Statements	<u>\$ 9,119,437</u>	<u>\$ 6,444,787</u>	<u>\$ 1,751,312</u>	<u>\$ (207,408)</u>	<u>\$ 17,108,128</u>
EXPENSES					
Per 4th Quarter Report	\$ 7,908,009	\$ 6,590,752	\$ 1,630,419	\$ -	\$ 16,129,180
Accruals/adjustments					
Adjust prepaid expenses to actual	(2,296)	(261)	(779)	14,754	11,418
Adjust accounts payable and accruals and other adjustments	(31,281)	759	11,879	(4,928)	(23,571)
Capitalization of capital assets expensed	(17,040)	(26,475)	(1,860)	(47,553)	(92,928)
Compensated absences	-	-	-	(12,412)	(12,412)
Depreciation	-	-	-	405,990	405,990
Other	<u>(480)</u>	<u>1</u>	<u>35,469</u>	<u>(77,915)</u>	<u>(42,925)</u>
Per Audited Statements	<u>\$ 7,856,912</u>	<u>\$ 6,564,776</u>	<u>\$ 1,675,128</u>	<u>\$ 277,936</u>	<u>\$ 16,374,752</u>

CROSSROADS COMMUNITY SERVICES BOARD

RECONCILIATION OF FEDERAL REVENUES 4TH QUARTER REPORT AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED) For the Year Ended June 30, 2022

Schedule 2

	<u>Mental Health</u>	<u>Developmental Services</u>	<u>Substance Use Disorder</u>	<u>Total</u>
REVENUES				
Per 4th Quarter Report				
Federal Block Grant				
SED Child and Adolescent	\$ 237,382	\$ -	\$ -	\$ 237,382
Federal Block Grant				
SMI Adult	65,231	-	-	65,231
Other Federal COVID-19				
Tax Refund	32,774	-	-	32,774
Other Federal COVID-19				
DMAS CRF Day Support	-	3,257	-	3,257
Other Federal COVID-19				
DMAS CRF Residential	-	18,867	-	18,867
Federal Block Grant				
SARPOS	-	-	49,736	49,736
Federal Block Grant				
Alcohol/Drug Treatment	-	-	429,877	429,877
Federal Block Grant				
Women	-	-	35,622	35,622
Federal Block Grant				
Opioid Response Funds	-	-	95,000	95,000
Federal Block Grant				
Prevention	-	-	337,462	337,462
Per Federal Revenues/ Per Audited Statements	<u>\$ 335,387</u>	<u>\$ 22,124</u>	<u>\$ 947,697</u>	<u>\$ 1,305,208</u>

CROSSROADS COMMUNITY SERVICES BOARD

**STANDARD SCHEDULE OF CURRENT PROPERTY &
CASUALTY INSURANCE (UNAUDITED)
For the Year Ended June 30, 2022**

Schedule 3

Insurance Coverage	Insurance Company Agent Policy Number	Policy Period	Limits of Liability	Ded.	Annual Premium
Automobile Liability & Physical Damage	Co: Selective Ins Company of the Southeast Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	BI/PD Uninsured Motorist Medical Payments ACV-Comprehensive ACV-Collision	\$ 1,000,000 1,000,000 20,000	\$ 1,000 1,000
Crime	Co: : Selective Ins Company of the Southeast Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	Employee Dishonesty Money & Securities Safe Forgery Computer Fraud	500,000 25,000 25,000 25,000 5,000	500 500 500 500 500
Electronic Data Processing	Co: : Selective Ins Company of the Southeast Ag: USI Pol. #:S2485044	07/01/2021 06/30/2022	Hardware Software Extra Expense	170,000 30,000 25,000	250
General Liability	Co: Selective Ins Company of the Southeast Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	Aggregate Occurrence Medical Employee Benefits	2,000,000 1,000,000 1,000,000 20,000	-
Medical Malpractice	Co: VARisk 2 Member G99270 Pol. #:71517-0747	07/01/2021 06/30/2022	Occurrence Aggregate	2,000,000 Unlimited	1,000
Public Officials Liability	Co: VARisk 2 Member G99270 Pol. #:71516-0747	07/01/2021 06/30/2022	Occurrence Aggregate	1,000,000 Unlimited	1,000
Property	Co: Selective Ins Company of the Southeast Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	Real Property and Personal Property <i>Blanket</i> Business Income	14,975,763 4,904,460	2,500
Umbrella/Excess	Co: Selective Ins Company of the Southeast Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	Occurrence Aggregate	5,000,000 5,000,000	-
Workers Compensation	Co: Encova Ag: USI Pol. # WCN6005574	07/01/2021 06/30/2022	Each Accident Policy Limit - Disease Each Employee - Disease	1,000,000 1,000,000 1,000,000	-
Crossroads Community Services Board Matching Tax Deferred Savings Plan	Co: Hartford Ag: USI Pol. #:14BDDFH5295	07/01/2021 06/30/2022	Bond Limit	500,000	-
Crossroads Community Services Board Profit-Sharing Plan	Co: Hartford Ag: USI Pol. #:14BDDFH5286	07/01/2021 06/30/2022	Bond Limit	500,000	-
Cyber Liability	Co: Ryan Turner Specialty Ag: USI Pol. #: S2485044	07/01/2021 06/30/2022	Privacy Liability Data Breach Fund Network Security Liability	1,000,000 500 000 1,000,000	-
Fiduciary Liability	Co: Philadelphia Ag: USI Pol. #:PHSD1630573	07/01/2021 06/30/2022	Privacy Liability	1,000,000	-
TOTAL					\$ 324,954

CROSSROADS COMMUNITY SERVICES BOARD

BUDGET TO ACTUAL COMPARISON OF REVENUES
AND EXPENSES (UNAUDITED)
For the Year Ended June 30, 2022

Schedule 4

	Budget	Actual	Variance Favorable/ (Unfavorable)
Operating revenues:			
Net services revenue	\$ 11,488,271	11,733,306	\$ 245,035
Other revenues	792,743	437,844	(354,899)
Total operating revenues	<u>12,281,014</u>	<u>12,171,150</u>	<u>(109,864)</u>
Operating expenses:			
Personnel	13,078,298	13,006,695	71,603
Staff development	115,567	79,502	36,065
Facilities	1,082,852	782,889	299,963
Supplies and equipment maintenance	841,846	739,384	102,462
Travel	391,305	292,610	98,695
Consultant/contract	1,220,110	841,558	378,552
Depreciation	-	405,990	(405,990)
Miscellaneous	201,464	219,794	(18,330)
Total operating expenses	<u>16,931,442</u>	<u>16,368,422</u>	<u>563,020</u>
Operating (loss)	<u>(4,650,428)</u>	<u>(4,197,272)</u>	<u>453,156</u>
Non-operating income (expense):			
Appropriations from government:			
State	3,351,025	3,249,367	(101,658)
Federal	866,063	1,305,208	439,145
Local	362,000	354,000	(8,000)
Interest income	75,385	19,772	(55,613)
Interest expense on capital note	(11,725)	(6,330)	5,395
Rent income	7,680	8,631	951
Total non-operating income	<u>4,650,428</u>	<u>4,930,648</u>	<u>280,220</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ 733,376</u>	<u>\$ 733,376</u>

General operating budget does not include depreciation expense as a normal budget line item. Other budget variances have been discussed previously in the significant changes in both revenues and expenses.

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COMPLIANCE

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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
Crossroads Community Services Board
Farmville, Virginia

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; and *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Crossroads Community Services Board (the Agency), which comprise the statements of net position, revenues expenses, and changes in net position, and cash flows, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise the Agency's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris Harvey Neal & Co. LLP

Danville, Virginia
November 30, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Directors
Crossroads Community Services Board
Farmville, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Crossroads Community Services Board's (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2022. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency 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 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency 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 the Agency'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 the Agency's federal programs.

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 the Agency'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 the Agency's compliance with the requirements of each major federal program 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 the Agency'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 the Agency'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 the Agency'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 Auditors' 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.

Harris Harvey Neal & Co. LLP

Danville, Virginia
November 30, 2022



Harris, Harvey, Neal & Co., LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' COMMENTS ON RESOLUTION OF
PRIOR YEAR AUDIT FINDINGS

To The Board of Directors
Crossroads Community Services Board

No corrective action was required of the Crossroads Community Services Board regarding previously reported audit findings since there were no audit findings reported in the prior period.

Harris Harvey Neal & Co. LLP

Danville, Virginia
November 30, 2022

MEMBERS

American Institute of Certified Public Accountants • Virginia Society of Certified Public Accountants • Virginia Group of CPA Firms, Inc.
Offices in Danville, Chatham, Martinsville, and South Boston, Virginia

CROSSROADS COMMUNITY SERVICES BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures of Federal Awards</u>
United States Department of Health and Human Services		
Pass-Through Payments		
Virginia Department of Behavioral Health and Developmental Services		
Substance Abuse and Mental Health Services - Projects of Opioid STR	93.788	199,943
Block Grants for Community Mental Health Services	93.958	169,198
Block Grants for Prevention and Treatment of Substance Abuse	93.959	459,994
Total U.S. Department of Health and Human Services		<u>829,135</u>
Total Expenditures of Federal Awards		<u><u>\$ 829,135</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

CROSSROADS COMMUNITY SERVICES BOARD
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Crossroads Community Services Board 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 Crossroads Community Services Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Crossroads Community Services Board.

Note 2. Summary of Significant Accounting Policies

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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

CROSSROADS COMMUNITY SERVICES BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section 1 - Summary of Audit Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	No
Identification of major programs:	

<u>CFDA#</u>	<u>Name of Federal Program or Cluster</u>
--------------	---

93.959	Block Grants for Prevention and Treatment of Substance Abuse
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Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None