



CROSSWINDS
YOUTH SERVICES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

**CROSSWINDS YOUTH SERVICES, INC.
COCOA, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

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

We and our staff 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, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crosswinds Youth Services, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 information 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 December 8, 2015, 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 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 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 and Services Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of Crosswinds Youth Services, Inc. as of June 30, 2014, were audited by other auditors whose report was dated November 25, 2014 and expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group
Melbourne, Florida
December 8, 2015

CROSSWINDS YOUTH SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR JUNE 30, 2014

ASSETS	2015			2014
	Unrestricted	Permanently		
		Restricted	Total	
CURRENT ASSETS				
Cash and cash equivalents	\$ 89,185	\$ 72,355	\$ 161,540	\$ 62,548
Investments	124,593	-	124,593	121,783
Grants/contracts receivable	267,114	-	267,114	337,204
Gift cards	2,182	-	2,182	285
Prepaid expenses	11,124	-	11,124	15,424
	<u>494,198</u>	<u>72,355</u>	<u>566,553</u>	<u>537,244</u>
PROPERTY AND EQUIPMENT, net	4,083,307	-	4,083,307	4,340,524
OTHER ASSETS, net	12,639	-	12,639	17,080
	<u>\$ 4,590,144</u>	<u>\$ 72,355</u>	<u>\$ 4,662,499</u>	<u>\$ 4,894,848</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Payables, trade	\$ 26,758	\$ -	\$ 26,758	\$ 43,540
Accrued expenses	59,144	-	59,144	43,269
Line of credit payable	-	-	-	120,096
Current portion of long-term debt	29,197	-	29,197	27,288
	<u>115,099</u>	<u>-</u>	<u>115,099</u>	<u>234,193</u>
LONG-TERM DEBT	956,778	-	956,778	985,292
COMMITMENTS AND CONTINGENCIES				
NET ASSETS	<u>3,518,267</u>	<u>72,355</u>	<u>3,590,622</u>	<u>3,675,363</u>
	<u>\$ 4,590,144</u>	<u>\$ 72,355</u>	<u>\$ 4,662,499</u>	<u>\$ 4,894,848</u>

See accompanying notes

CROSSWINDS YOUTH SERVICES, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Unrestricted	Permanently Restricted	Total	
Revenues, gains and other support:				
Contracts, grants and contributions from government agencies	\$ 2,354,557	\$ -	\$ 2,354,557	\$ 2,363,287
Brevard County and other local grants	299,341	-	299,341	196,453
Contributions and fundraising	187,931	4,200	192,131	174,142
In-kind contributions	70,565	-	70,565	28,554
United Way	68,000	-	68,000	89,039
Private organization support	45,000	-	45,000	61,564
Medicaid and fees revenue	13,059	-	13,059	25,667
Unrealized gain on investments	1,754	-	1,754	1,511
Miscellaneous income	876	-	876	10,836
Interest income	-	15	15	40
Realized gain on investments	508	-	508	18,053
Interest/dividends on investments	2,688	-	2,688	2,655
Total revenues, gains and other support	<u>3,044,279</u>	<u>4,215</u>	<u>3,048,494</u>	<u>2,971,801</u>
Expenses:				
Program	2,739,906	-	2,739,906	2,817,815
Management & general	182,896	-	182,896	251,834
Fundraising	210,433	-	210,433	126,918
Total expenses	<u>3,133,235</u>	<u>-</u>	<u>3,133,235</u>	<u>3,196,567</u>
INCREASE (DECREASE) IN NET ASSETS	(88,956)	4,215	(84,741)	(224,766)
NET ASSETS, beginning of year	<u>3,607,223</u>	<u>68,140</u>	<u>3,675,363</u>	<u>3,900,129</u>
NET ASSETS, beginning of year	<u>\$ 3,518,267</u>	<u>\$ 72,355</u>	<u>\$ 3,590,622</u>	<u>\$ 3,675,363</u>

See accompanying notes

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Shelter	Transitional Living Program	JAC/Civil Citation	Independent Living Services	Street Outreach Program	Total Programs	Fundraising	Management and General	Total Expenses
Salaries and related costs	\$ 989,139	\$ 143,382	\$ 143,267	\$ 133,731	\$ 138,240	\$ 1,547,759	\$ 76,345	\$ 100,100	\$ 1,724,204
Allocated general and admin.	215,585	2,522	21,424	25,345	268	265,144	19,747	-	284,891
Occupancy	137,847	12,322	16,700	13,264	6,406	186,539	15,053	-	201,592
Food	65,968	30,733	-	1,087	100	97,888	-	-	97,888
Travel	15,926	4,138	6,087	6,578	3,312	36,041	1,372	3,177	40,590
Communications	22,277	2,883	3,807	2,156	1,864	32,987	1,899	2,009	36,895
Repairs and maintenance	80,913	7,955	5,019	5,231	3,623	102,741	3,806	5,241	111,788
Insurance	43,880	3,979	8,802	4,088	3,373	64,122	3,031	1,330	68,483
Youth expenditures	44,388	91,712	1,439	1,351	4,361	143,251	-	-	143,251
Office operations	24,533	1,076	7,318	1,399	969	35,295	1,659	8,044	44,998
Fundraiser	-	-	-	-	-	-	74,580	-	74,580
Professional fees	22,902	5,596	2,070	2,025	2,411	35,004	1,552	28,252	64,808
Dues and licenses	15,651	6	38	22	64	15,781	4	2,379	18,164
Conferences and training	15,416	1,316	98	1,580	99	18,509	-	1,783	20,292
Small furniture and equip.	10,459	3,675	-	-	393	14,527	-	1,620	16,147
Public relations	2,900	80	1,174	-	1,938	6,092	198	4,233	10,523
Literature and education	1,520	302	-	-	-	1,822	-	554	2,376
Personnel processing	3,188	577	102	100	91	4,058	-	109	4,167
Other expenses	-	-	-	-	-	-	-	20,182	20,182
Total expenses before depreciation and amort.	1,712,492	312,254	217,345	197,957	167,512	2,607,560	199,246	179,013	2,985,819
Depreciation and amortization	97,325	7,846	12,694	9,851	4,630	132,346	11,187	3,883	147,416
TOTAL EXPENSES	\$ 1,809,817	\$ 320,100	\$ 230,039	\$ 207,808	\$ 172,142	\$ 2,739,906	\$ 210,433	\$ 182,896	\$ 3,133,235

See accompanying notes

CROSSWINDS YOUTH SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Shelter	Transitional Living Program	JAC/Civil Citation	Independent Living Services	Street Outreach Program	Brief Strategic Family Therapy	Total Programs	Fundraising	Management and General	Total Expenses
Salaries and related costs	1,011,295	129,352	126,837	170,687	111,633	102,434	\$ 1,652,238	68,978	180,052	\$ 1,901,268
Allocated general and admin.	148,828	3,704	21,084	27,208	-	19,912	220,736	20,598	-	241,334
Occupancy	139,964	65,801	34,893	23,015	3,828	16,896	284,397	3,120	-	287,517
Food	53,433	23,603	-	784	-	-	77,820	-	-	77,820
Travel	24,620	2,639	6,735	10,773	2,890	5,182	52,839	1,112	4,645	58,596
Communications	29,935	21,290	7,106	5,642	498	6,120	70,591	646	3,912	75,149
Repairs and maintenance	51,673	5,117	5,862	3,236	944	3,049	69,881	372	7,767	78,020
Insurance	41,745	3,252	11,770	6,698	1,447	4,166	69,078	814	5,649	75,541
Youth expenditures	33,092	27,429	1,510	4,192	4,985	930	72,138	-	-	72,138
Office operations	19,132	710	7,081	1,645	565	889	30,022	140	8,425	38,587
Fundraiser	-	-	-	-	-	-	-	28,966	-	28,966
Professional fees	25,412	600	-	500	-	-	26,512	-	19,996	46,508
Dues and licenses	9,265	5	32	26	77	24	9,429	3	3,542	12,974
Conferences and training	6,492	62	150	585	392	-	7,681	-	311	7,992
Small furniture and equip.	5,601	14,130	42	-	223	-	19,996	-	990	20,986
Public relations	1,746	75	2,087	-	169	-	4,077	-	7,206	11,283
Literature and education	120	199	-	-	-	-	319	-	128	447
Personnel processing	2,033	208	127	-	-	-	2,368	-	-	2,368
Other expenses	-	-	-	-	-	91	91	-	2,506	2,597
Total expenses before depreciation and amort.	1,604,386	298,176	225,316	254,991	127,651	159,693	2,670,213	124,749	245,129	3,040,091
Depreciation and amortization	91,313	3,638	23,143	15,950	2,548	11,010	147,602	2,169	6,705	156,476
TOTAL EXPENSES	\$ 1,695,699	\$ 301,814	\$ 248,459	\$ 270,941	\$ 130,199	\$ 170,703	\$ 2,817,815	\$ 126,918	\$ 251,834	\$ 3,196,567

See accompanying notes

CROSSWINDS YOUTH SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (84,741)	\$ (224,766)
Adjustments to reconcile the decrease in net assets to net cash provided by (used in) operating activities		
Depreciation and Amortization	154,887	162,862
Loss on sale of property	61,542	-
Unrealized gain on investments	(1,754)	(15,446)
(Increase) decrease in operating assets		
Grants/contracts receivable	70,090	39,365
Prepaid expenses	4,300	3,642
Gift cards	(1,897)	-
Other assets	4,441	2,726
Increase (decrease) in operating liabilities		
Payables, trade	(16,782)	(12,991)
Accrued expenses	15,875	(28,985)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	205,961	(73,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	40,788	-
Net proceeds of investments	(1,056)	39,157
NET PROVIDED BY INVESTING ACTIVITIES	39,732	39,157
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of line of credit borrowings	(138,859)	(33,309)
Payments of long-term debt borrowings	(7,842)	(5,733)
NET CASH USED IN FINANCING ACTIVITIES	(146,701)	(39,042)
NET CHANGE IN CASH AND CASH EQUIVALENTS	98,992	(73,478)
CASH AND CASH EQUIVALENTS, beginning of year	62,548	136,026
CASH AND CASH EQUIVALENTS, end of year	\$ 161,540	\$ 62,548
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Non-cash financing for purchase of equipment	\$ -	\$ 45,000
Cash paid for interest	\$ 66,291	\$ 69,738

See accompanying notes

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Crosswinds Youth Services, Inc. (the Organization) is a youth serving organization committed to creating opportunities to succeed by offering a wide range of services and programs for young people up to age twenty-four (24). Services and programs include An emergency shelter, transitional housing, independent living services, intake, screening, assessment, counseling and case management.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions or restricted gifts whose restrictions were met during the year.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions expected to be met either by actions of the Organization or passage of time.

Permanently restricted net assets - Net assets that are required by donor-imposed stipulations to be maintained permanently by the Organization.

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.

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 includes funds held in an endowment fund (See Note 3) and required to be maintained in a separate bank account.

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 at June 30, 2015 and 2014.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued compensated absences

Certain employees of the Organization are entitled to vacation and sick leave depending on length of service and other factors. 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 unrestricted net assets 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 temporarily or permanently restricted net assets depending on the nature of the restriction.

When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets are released from donor restrictions. When both temporarily restricted and unrestricted net assets are available for use, the Organization's policy is to use temporarily restricted net assets first and then unrestricted net assets as needed.

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.

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 \$1,000. 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 unrestricted contributions 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 restricted contributions. 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 temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Crosswinds Youth Services, Inc. is a charitable organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are more likely than not to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined that no uncertain tax positions requiring recognition have occurred.

The Organization is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2012.

Reclassifications

Certain amounts in the prior-year summarized financial statements have been reclassified in order to be comparable with the current year presentation.

NOTE 2 – CONCENTRATIONS OF 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”) for up to \$250,000 per depositor. At June 30, 2015, the Organization’s cash, cash equivalents, and certificate of deposit balances were fully insured.

NOTE 3 – PERMANENTLY RESTRICTED NET ASSETS

During the year ended June 30, 2015, donors contributed an additional \$4,200 to the endowment fund known as “Amy’s Fund.” The purpose of the fund is to generate earnings for the direct support of the Organization and its mission and programs. Restrictions placed on the endowment provide that the corpus of the fund will not fall below \$20,000 and only the current earnings of the endowment may be used by the Organization. Earnings not withdrawn within twelve months after the reporting period become part of the permanently restricted endowment. With the permission of the donor who restricted the funds, the Organization borrowed \$52,500 from this fund during the year ended June 30, 2014. The loan was repaid during the year ended June 30, 2015.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – INVESTMENTS

Investments at June 30, 2015 and 2014 were reported in the financial statements at fair value and are summarized as follows:

	2015 Cost	2015 Market	2014 Cost	2014 Market
Common Stock/Options	\$ 74,933	\$ 119,542	\$ 73,635	\$ 116,490
Bonds	4,000	5,051	4,000	5,293
	<u>\$ 78,933</u>	<u>\$ 124,593</u>	<u>\$ 77,635</u>	<u>\$ 121,783</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 2,688	\$ 2,655
Unrealized gain	1,754	1,511
Realized gain	508	18,053
Fees paid	<u>(2,501)</u>	<u>(2,506)</u>
	<u>\$ 2,449</u>	<u>\$ 19,713</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes 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 measurement) and the lower priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 inputs: Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 inputs: Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

Level 3 inputs: Level 3 inputs are unobservable (e.g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Common Stock – 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.

The following table sets for by level, within the fair value hierarchy, the Organizations investments at fair value as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock/Options	\$ 119,542	\$ -	\$ -
Bonds	5,051	-	-
	<u>\$ 124,593</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets for by level, within the fair value hierarchy, the Organizations investments at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock/Options	\$ 116,490	\$ -	\$ -
Bonds	5,293	-	-
	<u>\$ 121,783</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 318,729	\$ 334,508
Building and improvements	5,157,002	5,305,002
Furniture and equipment	448,963	448,964
	5,924,694	6,088,474
Accumulated depreciation	<u>(1,841,387)</u>	<u>(1,747,950)</u>
	<u>\$ 4,083,307</u>	<u>\$ 4,340,524</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LEASE COMMITMENTS

The Organization leases office equipment and a vehicle under operating leases ranging from thirty-five to sixty months. Lease expense under these leases for the years ended June 30, 2015 and 2014 was \$15,623 and \$12,825, respectively.

Future minimum payments under these lease agreements are as follows:

2016		\$	10,788
2017			<u>7,192</u>
		\$	<u>17,980</u>

NOTE 8 – ACCRUED EXPENSES

Accrued expenses for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>
Accrued wages	\$ 43,786	\$	39,817
Accrued pension payable	11,867		-
Youth payable (Transitional Living)	<u>3,491</u>		<u>3,452</u>
	<u>\$ 59,144</u>	\$	<u>43,269</u>

NOTE 9 – LONG-TERM DEBT

Long-term debt at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>		<u>2014</u>
Mortgage payable to Community Credit Union of Florida collateralized by land and buildings, due in monthly installments of \$6,443 including interest of 6.0% until 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 rate shall not be adjusted lower than 6.0%. The mortgage loan matures February 11, 2038.	\$ 954,549	\$	973,313
Capital lease collateralized by security camera equipment, due in monthly installments of \$903, including imputed interest of 8.4%. The maturity date of the lease is September 2018.	<u>31,426</u>		<u>39,267</u>
	985,975		1,012,580
Less current portion	<u>29,197</u>		<u>27,288</u>
	<u>\$ 956,778</u>	\$	<u>985,292</u>

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

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

2016	\$ 29,197
2017	31,363
2018	33,683
2019	28,760
2020	26,912
Thereafter	<u>836,060</u>
	<u>\$ 985,975</u>

NOTE 10 – 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 6.0%, and payable monthly. At June 30, 2014 the balance of the line of credit was \$120,096. There were no borrowings against the line of credit at June 30, 2015.

Significant Funding Source

The Organization receives approximately 30% of its funding from the U.S. Department of Health and Human Services and 32% the State of Florida, Department of Juvenile Justice, passed through various agencies, which are subject to budgetary constraints. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

Contingencies

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.

NOTE 11 – EMPLOYEE PROFIT SHARING PLAN

The Organization has a qualified employee profit sharing plan, which covers substantially all of its employees. The Organization's contribution to the profit sharing plan is determined each year at the discretion of the board of directors. Total profit sharing plan expense for the years ended June 30, 2015 and 2014 was \$11,867 and \$-0- respectively.

The Organization also has an Internal Revenue Code section 403(b) plan, which covers substantially all of its employees who have met certain age and service requirements. The Organization's has elected not to make contributions to the plan.

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's contributed \$16,976 and \$16,671 for the years ended June 30, 2015 and 2014, respectively.

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – SUMMARIZED PRIOR YEAR INFORMATION

For the year ended June 30, 2015, information related to each net asset class is detailed in columnar format. For the year ended June 30, 2014, asset class information has been summarized.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2015, the date that the financial statements were available to be issued, and has determined that no material events occurred that would require disclosure.

SUPPLEMENTARY INFORMATION



WHITTAKER COOPER,
FINANCIAL GROUP

*Certified Public Accountants and Consultants
A Professional Association*

**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 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 non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Crosswinds Youth Services, Inc.'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 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 Organization'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.

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Members of the Florida Institute of Certified Public Accountants | Members of the American Institute of Certified Public Accountants
Business Valuation and Forensic & Litigation Services Section | Federal Tax Section | Personal Financial Planning Section

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crosswinds Youth Services, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 result 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.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group
Melbourne, Florida
December 8, 2015



WHITTAKER COOPERSM
FINANCIAL GROUP

*Certified Public Accountants and Consultants
A Professional Association*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133 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

We have audited Crosswinds Youth Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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 and state financial projects for the year ended June 30, 2015. 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 cost.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Crosswinds Youth Services, Inc.'s major federal programs and state financial projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; *OMB Circular A-133, Audits of States Local Governments, and Non-Profit Organizations*; and Chapter 10.650 Rules of the Florida Auditor General. Those standards, *OMB Circular A-133*, and Chapter 10.650 Rules of the Florida Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial project occurred. An audit includes examining, on a test basis evidence about Crosswinds Youth Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial project. However, our audit does not provide a legal determination of Crosswinds Youth Services, Inc.'s compliance.

Opinion on Each Major Federal Program

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, 2015.

Report on Internal Control Over Compliance

Management of Crosswinds youth Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crosswinds Youth Services Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or State financial project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650 Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crosswinds Youth Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state financial project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state financial project 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 or state financial project 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group
Melbourne, Florida
December 8, 2015

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2015

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 | <input checked="" type="checkbox"/> | No |
| Significant deficiency(ies) identified that are not | Yes | <input checked="" type="checkbox"/> | 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 | <input checked="" type="checkbox"/> | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes | <input checked="" type="checkbox"/> | No |
- F. Audit findings related to OMB Circular A-133:
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133? Yes No
- G. Identification of major programs:

Name of Federal Program

CFDA Numbers

Foster Care Title IV-E	93.658
Chafee Foster Care Independence Program	93.674

- H. Dollar or percentage threshold used to distinguish \$ 300,000
- I. Auditee qualified as low-risk auditee? Yes No

CROSSWINDS YOUTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2015

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

- 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 A-133:
 Any audit findings disclosed that are required to be reported in accordance with Circular A-133? _____ Yes No
- G. Identification of major programs:
- | <u>Name of State Project</u> | <u>CFSA Numbers</u> |
|-------------------------------------|----------------------------|
| CINS/FINS | 80.005 |
- H. Dollar or percentage threshold used to distinguish _____ \$ 300,000
- I. Auditee qualified as low-risk auditee? _____ Yes _____ No

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 PROGRAMS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2015

Other Issues

The management letter required by A.G. 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, 2015

Federal/State Agency, Pass-through Entity, State Financial Project	CFDA No.	Grantor's Contract Number	Federal Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Transitional Living	93.550	90CX7012-03-00 90CX7012-02-01	\$ 170,530
Basic Center Grant	93.623	90CY2633-03-00 90CY6627-01-00	154,093
Street Outreach	93.557	90YO02093-02-00 90YO02093-03-00	97,049
Passed through Brevard Family Partnership			
Social Services Block Grant	93.667	RGC1403	53,822
Foster Care Title IV-E	93.658*	RGC1403	256,546
Chafee Foster Care Independence Program	93.674*	ILS 1301	131,147
Passed through Florida Network of Youth and Family Services			
Foster Care Title IV-E	93.658*	N/A	34,909
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program	14.235	FL0145L4H131205 FL0145L4H131306	70,542
Passed through State of Florida Department of Children and Family Services			
Emergency Shelter Grants Program	14.231	GPZ22	<u>47,025</u>
Total expenditures of federal awards			<u>\$ 1,015,663</u>

* Major federal program

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
YEAR ENDED JUNE 30, 2015**

STATE FINANCIAL ASSISTANCE

State of Florida, Department of Children and Family Services

Passed through Brevard Family Partnership

Sexually Exploited Children	60.138	ILS 1301	\$	45,324
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State of Florida, Department of Juvenile Justice

Passed through Florida Youth Network of Youth and Family Services

CINS/FINS	80.005**	N/A		<u>968,036</u>
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Total expenditures of state financial assistance			\$	<u>1,013,360</u>
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** Major state financial project

CROSSWINDS YOUTH SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL PROJECTS
YEAR ENDED JUNE 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial projects (the Schedule) includes federal and state grant activity of Crosswinds Youth Services, Inc. (the Organization) for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, whereas 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 pay certain expenditures on behalf of the Organization, in such situations, the Organization records the expenditure on the Schedule at cost.