



December 30, 2025

Mr. Richard Hammond, City Finance Director, City Hall
215 Sycamore Street
Muscatine, Iowa 52761

Dear Mr. Hammond and Members of the Muscatine City Council,

Senior Resources, a program of Crossroads Inc, serves as Muscatine's front door for aging services—connecting older adults and caregivers to meals, outreach support, safe home services, adult day care, and opportunities to stay socially engaged. At the same time, Muscatine seniors are facing a perfect storm of rising costs, increasing care needs, fewer informal supports, and more complex benefits and service systems. Senior Resources meets that reality with reliable, boots-on-the-ground help that supports independence with dignity and helps prevent avoidable crises, through a coordinated set of services that keep residents safe, nourished, connected, and supported—while also providing relief to family caregivers. We respectfully request City support for the 2026 budget to sustain and strengthen this work.

Outreach Program

Our Outreach Program continues to serve a similar number of individuals as last year through ongoing contacts that include benefits navigation, safety checks, scam awareness, assistance with online applications, and referrals to appropriate community supports. Outreach is especially critical for residents with language barriers or limited access to technology. Our bilingual Outreach Manager, Laura Vargas, helps seniors and families connect to services and provides in-home and senior-housing visits that reduce isolation and strengthen community connections. Outreach also supports key services such as Medicare and Medicaid-related paperwork guidance, SHIP referrals, and special projects that meet urgent needs throughout the year.

Muscatine Senior Center

The Muscatine Senior Center pilot continues to grow as a safe, welcoming space for older adults to connect socially and stay active. The center currently operates two days per week with an average of 15 participants per day, offering exercise, crafts, games, special interest speakers, and bingo. With strong volunteer and community partner support, we are actively exploring how to scale up the program in the near future as participation and volunteer capacity expand.

Adult Day Center

Our Adult Day Center provides care, companionship, and structured programming for seniors and adults with disabilities, offering vital respite for family caregivers. The center is the only provider of Adult Day services within a 35-mile radius. In 2025, 24 individuals used Adult Day services, funded through a combination of VA benefits, Medicaid waivers, Milestones Older Americans Act funding, or private pay. The Adult Day Center operates at a financial deficit because reimbursement rates do

not reflect the true cost of high-quality care; despite this, we remain committed to delivering excellent services and maintaining high standards.

Meals on Wheels

Meals on Wheels remains a cornerstone of Senior Resources' ability to support safe, independent living. In 2025, Meals on Wheels served 85 unduplicated individuals and delivered **over** 14,000 meals. Each delivery is also a friendly safety check from a trusted volunteer—often the most consistent human contact a homebound senior receives. When volunteers raise concerns, staff can respond quickly to ensure a client's safety and connect them to appropriate supports.

Chore Program

The Chore Program helps older homeowners access affordable lawn care and snow removal so they can remain safely in their homes and avoid code-related issues or unsafe conditions. In 2025, the program served 90 individuals and families, with work completed by nine contractors and one volunteer. This practical support is especially critical during winter months when snow removal becomes a major safety risk.

Home Repair Program

Our Home Repair Program provides handyman services and home modifications that help older adults safely age in place. Projects can include minor plumbing repairs, window and door replacement, deck stabilization, and other safety-related improvements that a homeowner may no longer be able to complete independently or afford commercially. This program is essential to preventing falls, keeping homes habitable, and reducing the likelihood that residents are forced into higher-cost care settings due to unsafe housing conditions.

Request for City Support

Your support is crucial to maintaining and expanding these services for Muscatine residents. We respectfully request that the City Council and staff dedicate \$50,000 to Senior Resources in the 2026 budget. This investment will primarily help sustain sliding-scale access to core services, support volunteer coordination that keeps key programs running, and strengthen the capacity needed to grow the Muscatine Senior Center.

Attached are Crossroads' audited financial statements (including Senior Resources) and our proposed revenue and expenditure budget for the upcoming year. We look forward to discussing our programs and their impact with you throughout the budget process.

Thank you for your attention and support.

Yours in Service,

Marc Hines
Chief Executive Officer
Senior Resources, Crossroads Inc.

Crossroads, Inc.

Operating Budget FY2026

	2023	2024	Annualized 2025	Budget 2026	%age Change
Revenue					
4010 Assembly/Packaging Sales	726,538.78	851,857.97	813,347.60	794,162.73	-2.36%
4014 Shredding	68,352.74	73,792.44	71,696.21	73,847.10	3.00%
Total 4015 HCBS Income	2,850,884.12	\$3,635,641.69	\$3,996,684.92	\$4,433,001.46	10.92%
Total 4018 Program Fees	103,162.89	\$79,476.31	\$66,876.70	\$57,730.65	-13.68%
4025 Rent Income	58,136.00	73,795.00	73,385.00	86,210.00	17.48%
Total 4026 Contributions/Fundraiser Inc.	159,120.14	\$160,832.33	\$164,375.39	\$172,122.87	4.71%
Total 4030 Grants	895,512.23	\$333,918.65	\$224,304.59	\$228,983.55	2.09%
4040 Miscellaneous Income	20,404.90	1,659.80	330.05	330.05	0.00%
4045 Interest Income	939.43	787.15	6,137.76	6,137.76	0.00%
5000 Administrative Fees	9,787.50	-9,210.80	5,000.00	5,000.00	0.00%
Total Revenue	4,892,838.73	\$5,202,575.17	\$5,422,138.24	\$5,857,526.18	8.03%
Gross Profit	4,892,838.73	\$5,202,575.17	\$5,422,138.24	\$5,857,526.18	8.03%
Expenditures					
Total 6000 Payroll Exp	3,423,339.06	\$4,056,882.49	\$4,306,858.03	\$4,651,406.67	8.00%
7010 Insurance Expense- Liability	53,543.47	44,997.64	77,859.24	84,087.98	8.00%
7020 Depreciation Expense	70,235.11	98,676.21	90,417.17	111,417.17	23.23%
Total 7030 Vehicle	58,411.55	\$46,837.33	\$44,910.67	\$47,584.08	5.95%
Total 7040 Repairs and Maintenance	53,673.62	\$33,616.88	\$44,150.12	\$54,183.20	22.72%
7050 Security	2,521.59	4,348.52	3,723.40	3,909.57	5.00%
Total 7060 Staff Development / Training	22,690.20	28,264.08	\$10,455.62	\$11,689.57	11.80%
Total 7061 Supported Employment	-	1,979.41	\$0.00	\$0.00	0.00%
Total 7070 Professional Fees	42,309.24	\$71,593.57	\$53,149.20	\$55,000.19	3.48%
Total 7080 Travel & Ent	2,970.31	\$6,504.66	\$2,338.09	\$2,511.78	7.43%
Total 7090 Office Expenditures	119,414.81	\$114,975.40	\$148,236.99	\$153,543.02	3.58%
7100 Utilities	58,621.47	63,131.14	65,171.14	67,126.27	3.00%
7110 Rent	17,400.00	20,450.00	33,463.64	57,463.64	71.72%
7115 Telephone	12,890.60	13,768.38	14,097.62	14,379.57	2.00%

7120 Lease Expense- Foundation	100,097.25	116,970.67	121,857.12	121,857.12	0.00%
7200 Dues and Subscriptions	6,959.41	10,342.27	24,538.81	25,184.18	2.63%
7220 Profession Licenses & Permits	6,391.52	7,040.57	5,260.24	5,340.20	1.52%
7221 Inspections	895.00	0.00	0.00	0.00	0.00%
Total 7230 Miscellaneous	3,765.97	\$9,377.61	\$1,347.40	\$1,418.33	5.26%
Total 7240 Fundraiser Expense	106,874.06	\$111,542.68	\$101,247.90	\$106,185.09	4.88%
Total 7300 Credit Card & Bank Fees	2,257.06	\$1,453.12	\$1,123.29	\$1,123.29	0.00%
7500 Write off Uncollectible Account	29,375.78	38,874.95	5,942.11	6,239.21	5.00%
Total 7600 Advertising/ Marketing	9,695.43	\$13,065.65	\$8,224.10	\$8,967.71	9.04%
Total 8000 Program Expense	153,059.73	\$114,195.77	\$118,616.82	\$123,361.49	4.00%
Total 8100 Supplies-Production	164,157.33	\$195,313.96	\$178,815.74	\$178,815.74	0.00%
Total Expenditures	4,521,549.57	\$5,224,839.57	\$5,466,294.50	\$5,892,795.07	7.80%
Net Operating Revenue	371,289.16	-\$22,264.40	(44,156.26)	(35,268.89)	-20.13%
Total Other Revenue	27,414.55	\$23,584.29	\$52,963.68	\$55,082.23	4.00%
Total Other Expenditures	16,157.94	\$2,312.59	\$8,225.69	\$8,361.25	1.65%
Net Other Revenue	11,256.61	\$21,271.70	\$44,737.99	\$46,720.98	4.43%
Net Revenue	382,545.77	-\$992.70	\$581.73	\$11,452.08	1868.62%

CROSSROADS, INC.

Muscatine, Iowa

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2023 and 2022

CROSSROADS, INC.
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Crossroads, Inc.
Muscatine, Iowa

Opinion

We have audited the accompanying financial statements of Crossroads, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crossroads, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crossroads, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 1 and 2 to the Financial Statements, Crossroads, Inc. changed its method of accounting for leases as of January 1, 2022, in accordance with the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossroads, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crossroads, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossroads, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Moline, Illinois
November 25, 2024

CROSSROADS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 501,916	\$ 621,285
Certificates of deposit	201,171	42,577
Accounts receivable - trade, net	388,515	334,338
Grants receivable	77,854	73,725
Due from Crossroad Foundation	19,734	62,958
Inventory	31,336	17,197
Prepaid expenses	40,776	37,504
Total current assets	<u>\$ 1,261,302</u>	<u>\$ 1,189,584</u>
INVESTMENTS		
Beneficial interest in assets held at Community Foundation	\$ 222,974	\$ 198,105
Endowment investments	25,000	25,000
Total investments	<u>\$ 247,974</u>	<u>\$ 223,105</u>
OTHER ASSETS		
Fixed assets, net of accumulated depreciation	\$ 1,161,744	\$ 848,896
Right-of-use asset for operating leases, net	38,844	3,463
Total other assets	<u>\$ 1,200,588</u>	<u>\$ 852,359</u>
Total assets	<u><u>\$ 2,709,864</u></u>	<u><u>\$ 2,265,048</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 102,121	\$ 39,141
Accrued expenses	154,904	121,874
Deferred revenue	58,291	145,384
Due to Crossroads Foundation	195,124	195,124
Rental deposits	1,955	-
Current operating leases liability	7,824	3,463
Current finance leases liability	17,717	20,888
Total current liabilities	<u>\$ 537,936</u>	<u>\$ 525,874</u>
LONG-TERM LIABILITIES		
Lease liability for operating lease - net of current portion	\$ 31,020	\$ -
Lease liability for finance leases - net of current portion	17,290	12,329
Total liabilities	<u>\$ 586,246</u>	<u>\$ 538,203</u>
NET ASSETS		
Without donor restriction	1,886,704	1,464,249
With donor restriction	236,914	262,596
Total net assets	<u>\$ 2,123,618</u>	<u>\$ 1,726,845</u>
Total liabilities and net assets	<u><u>\$ 2,709,864</u></u>	<u><u>\$ 2,265,048</u></u>

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

CROSSROADS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Sales	\$ 794,892	\$ -	\$ 794,892
Resident fees	58,136	-	58,136
Program fees	103,164	-	103,164
Contributions	159,120	-	159,120
Contributed nonfinancial assets	-	-	-
HCBS government program	2,850,885	-	2,850,885
Miscellaneous income	39,786	-	39,786
Grant income	863,412	32,100	895,512
Investment income, net	25,851	-	25,851
Net assets released from restriction	57,782	(57,782)	-
	<u>\$ 4,953,028</u>	<u>\$ (25,682)</u>	<u>\$ 4,927,346</u>
EXPENSES			
Program services	\$ 3,546,275	\$ -	\$ 3,546,275
Supporting services			
Management and general	984,298	-	984,298
	<u>\$ 3,546,275</u>	<u>\$ -</u>	<u>\$ 4,530,573</u>
Change in net assets	\$ 1,406,753	\$ (25,682)	\$ 396,773
Net assets, beginning of year	1,464,249	262,596	1,726,845
Net assets, end of year	<u>\$ 2,871,002</u>	<u>\$ 236,914</u>	<u>\$ 2,123,618</u>

(Continued)

CROSSROADS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Sales	\$ 724,503	\$ -	\$ 724,503
Resident fees	46,725	-	46,725
Program fees	92,458	-	92,458
Contributions	32,992	-	32,992
Contributed nonfinancial assets	12,000	-	12,000
HCBS government program	2,403,076	-	2,403,076
Miscellaneous income	10,792	-	10,792
Grant income	318,956	57,782	376,738
Investment income, net	(31,602)	-	(31,602)
Net assets released from restriction	-	-	-
	<u>\$ 3,609,900</u>	<u>\$ 57,782</u>	<u>\$ 3,667,682</u>
EXPENSES			
Program services	\$ 3,248,347	\$ -	\$ 3,248,347
Supporting services			
Management and general	725,831	-	725,831
	<u>\$ 3,974,178</u>	<u>\$ -</u>	<u>\$ 3,974,178</u>
Total expenses			
Change in net assets	\$ (364,278)	\$ 57,782	\$ (306,496)
Net assets, beginning of year	1,826,466	204,814	2,031,280
Prior period adjustment	2,061	-	2,061
Net assets, end of year	<u>\$ 1,464,249</u>	<u>\$ 262,596</u>	<u>\$ 1,726,845</u>

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

CROSSROADS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services			
	Production	Day Habilitation	SCL	SE
Staff salaries	\$ 459,066	\$ 304,733	\$ 1,005,090	\$ 311,008
Payroll tax expense	45,717	28,782	89,651	27,679
Insurance benefits	48,241	24,064	57,425	23,537
Benefit retirement	-	-	(100)	-
Contributed nonfinancial assets	-	-	-	-
Utilities	17,415	6,237	17,605	8,309
Telephone and cable	2,139	1,463	6,475	1,403
Advertising	648	40	106	38
Equipment repairs and maintenance	20,086	3,616	15,140	4,412
Vehicle expense	8,780	5,601	11,931	4,850
Staff development	2,976	1,960	4,643	2,668
Legal and professional	3,133	6,439	15,319	5,221
Dues and subscriptions	2,023	963	1,883	940
Security system	660	334	857	326
Insurance - general liability	6,470	3,491	8,773	3,378
Lease expense	34,538	14,013	20,459	14,906
IT support	188,608	21,492	35,694	16,325
Program expense	-	3,362	9,831	2,868
Fundraising Expense	-	-	-	-
Depreciation and amortization	-	-	-	-
Food supplies	-	-	-	-
Loss on sale of building	-	-	-	-
Operating lease expense	-	-	-	-
Short-term lease expense	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous	4,247	776	7,550	5,492
Total expenses	<u>\$ 844,747</u>	<u>\$ 427,366</u>	<u>\$ 1,308,332</u>	<u>\$ 433,360</u>

		Supporting Services	
Senior Resources	Total Program Services	Management and General	Total
\$ 265,882	\$ 2,345,779	\$ 569,909	\$ 2,915,688
27,529	219,358	46,987	266,345
25,413	178,680	13,939	192,619
-	(100)	38,467	38,367
-	-	-	-
9,056	58,622	-	58,622
1,412	12,892	-	12,892
86	918	8,778	9,696
8,236	51,490	2,658	54,148
3,522	34,684	20	34,704
3,789	16,036	16,976	33,012
5,795	35,907	1,451	37,358
1,000	6,809	150	6,959
346	2,523	-	2,523
3,353	25,465	28,078	53,543
16,181	100,097	-	100,097
24,034	286,153	3,870	290,023
101,549	117,610	-	117,610
-	-	106,874	106,874
-	-	86,201	86,201
28,607	28,607	-	28,607
-	-	-	-
-	-	7,411	7,411
-	-	17,400	17,400
-	-	3,139	3,139
6,680	24,745	31,990	56,735
<u>\$ 532,470</u>	<u>\$ 3,546,275</u>	<u>\$ 984,298</u>	<u>\$ 4,530,573</u>

(Continued)

CROSSROADS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services			
	Production	Day Habilitation	SCL	SE
Staff salaries	440,664	296,479	855,986	250,730
Payroll tax expense	44,177	29,779	79,227	25,627
Insurance benefits	55,408	25,549	54,117	23,586
Benefit retirement	-	-	-	-
Contributed nonfinancial assets	-	-	12,000	-
Utilities	24,656	9,795	16,049	8,990
Telephone and cable	2,211	1,490	9,021	1,340
Advertising	1,748	815	1,432	615
Equipment repairs and maintenance	21,371	3,891	4,239	5,227
Vehicle expense	13,514	4,906	10,450	4,552
Staff development	2,386	1,383	2,317	3,704
Legal and professional	6,531	7,990	16,916	7,296
Dues and subscriptions	1,547	695	1,474	662
Security system	776	346	733	332
Insurance - general liability	7,640	4,908	7,417	3,251
Lease expense	46,507	7,292	6,000	10,201
IT support	123,513	19,893	22,719	16,747
Program expense	-	3,533	6,982	3,636
Depreciation and amortization	-	-	-	-
Food supplies	-	229	-	-
Loss on sale of building	-	-	-	-
Operating lease expense	2,081	335	383	282
Short-term lease expense	10,096	1,626	1,857	1,369
Interest expense	255	41	47	35
Miscellaneous	4,950	3,936	2,692	1,964
Total expenses	<u>\$ 810,031</u>	<u>\$ 424,911</u>	<u>\$ 1,112,058</u>	<u>\$ 370,146</u>

		Supporting Services	
Senior Resources	Total Program Services	Management and General	Total
\$ 266,160	\$ 2,110,019	\$ 447,180	\$ 2,557,199
26,502	205,312	17,740	223,052
28,790	187,450	(2,377)	185,073
-	-	35,947	35,947
-	12,000	-	12,000
13,174	72,664	-	72,664
1,482	15,544	7	15,551
688	5,298	16,115	21,413
7,836	42,564	2,025	44,589
3,734	37,156	778	37,934
1,482	11,272	4,104	15,376
12,930	51,663	(3,304)	48,359
835	5,213	-	5,213
409	2,596	-	2,596
7,179	30,395	7,601	37,996
-	70,000	-	70,000
19,101	201,973	3,527	205,500
112,958	127,109	880	127,989
-	-	72,018	72,018
23,532	23,761	-	23,761
-	-	118,838	118,838
322	3,403	60	3,463
1,561	16,509	289	16,798
40	418	7	425
2,486	16,028	4,396	20,424
<u>\$ 531,201</u>	<u>\$ 3,248,347</u>	<u>\$ 725,831</u>	<u>\$ 3,974,178</u>

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

CROSSROADS, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 396,773	\$ (306,496)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Prior period adjustment	-	2,061
Depreciation and amortization	86,201	72,018
Loss on sale of building	-	118,838
Unrealized/realized (gain) loss on investments	(27,415)	29,909
(Increase) decrease in operating assets		
Accounts receivable	8,781	16,908
Grants receivable	(4,129)	(56,945)
Due from Crossroad Foundation	(19,734)	-
Prepaid expenses	(3,272)	8,086
Inventory	(14,139)	(17,197)
Increase (decrease) in operating liabilities		
Accounts payable	62,980	11,141
Accrued expenses	33,030	11,545
Deferred Revenue	(87,093)	142,390
Due to Crossroads Foundation	-	195,124
Other current liabilities	1,955	-
Net cash provided (used) by operating activities	<u>\$ 433,938</u>	<u>\$ 227,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	\$ (399,049)	\$ (353,254)
Proceeds from sale of building	-	139,661
Distributions from investments	-	11,700
Net change in investments	2,546	2,944
Increase in certificate of deposits	(158,594)	(129)
Deposits on leased property	-	-
Net cash used by investing activities	<u>\$ (555,097)</u>	<u>\$ (199,078)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities for finance leases	\$ 1,790	\$ 33,217
Net cash provided by financing activities	<u>\$ 1,790</u>	<u>\$ 33,217</u>
Net change in cash and cash equivalents	\$ (119,369)	\$ 61,521
Cash and cash equivalents, beginning of year	621,285	559,764
Cash and cash equivalents, end of year	<u>\$ 501,916</u>	<u>\$ 621,285</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Lease liabilities arising from obtaining right-of-use asset	<u>\$ 38,844</u>	<u>\$ 8,146</u>

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

CROSSROADS, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization - Crossroads, Inc. (the "Organization") is organized to provide intellectually, developmentally and brain damaged individuals with opportunities for employment and learning independent life skills. As of 1/1/2021, Senior Resources, Inc. has merged with, and is now a part of, Crossroads, Inc. With this merger, Crossroads, Inc. now promotes and provides programs that enhance the quality of life for senior citizens in Muscatine County.

The overall mission of Crossroads, Inc. is to assist adults and seniors needing assistance to reach their greatest potential. The Organization is supported primarily through sales of service, fees from Muscatine County, Home and Community Base Services (HCBS) government program payments, Iowa Department of Human Services, and local grantors such as United Way and the Greater Muscatine Community Foundation.

Basis of Accounting - The financial statements of Crossroads, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Crossroads, Inc. and changes therein are classified and reported as follows:

Net Assets without Donor Restriction: Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restriction: Net assets subject to donor-imposed stipulations that may or will be net either by actions of Crossroads, Inc. and/or the passage of time. Also, net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be met by actions of Crossroads, Inc. As of December 31, 2023 and 2022, the Organization had \$236,914 and \$262,596 of net assets with donor restriction, respectively.

Contributions - The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulation that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Income Taxes - Income taxes have not been provided for, as the Organization is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from paying federal or state income taxes.

Contributed Services - During the years ended December 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – (Continued)

Cash and Cash Equivalents - For purposes of the statement of cash flows, Crossroads, Inc. considers cash on hand, cash in bank, and time deposits with initial maturity of three months or less as its cash and cash equivalents.

Use of Estimates - The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation Method - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated based on estimates of time and effort. All other expenses are based on direct use.

Property, Equipment, and Depreciation - Property and equipment is stated at cost or fair value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The capitalization policy of the Organization is to capitalize assets which have a cost in excess of \$2,000. Depreciation expense for the years ending December 31, 2023 and 2022 was \$86,201 and \$72,018 respectively.

Accounts Receivable - Crossroads, Inc.'s accounts receivable are related to service fees. Credit is extended based on prior experience with the customer and evaluation of customers' financial condition. Accounts receivable are primarily due within 30 days. The Organization does not accrue interest on past due accounts receivable. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and the specific circumstances of the customer. Accounts receivable has been adjusted for all known uncollectible accounts. The allowance for doubtful accounts represents an estimate of amounts considered uncollectible and is determined based on the Organization's historical collection experience, adverse situations that may affect the customer's ability to pay, and prevailing economic conditions. At December 31, 2023 and 2022, there was \$15,638 and \$3,126 allowance for doubtful accounts, respectively.

Advertising Cost - The Organization expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$9,696 and \$21,413, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – (Continued)

Leases – The Organization has adopted FASB ASC 842, *Leases*, with a date of initial application of January 1, 2022, using the modified retrospective transition approach, applying the new standard to all of its leases existing at the date of initial application which is the effective date of adoption. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2022. For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligations. The Organization determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets (ROU), current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Organization's balance sheet at December 31, 2023 and 2022. Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses a risk-free rate of a period comparable with that of the lease term. The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The Organization has elected, for the underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The new standard also provides practical expedients and certain exemptions for the Organization's ongoing accounting. We have elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases where the initial lease term is one year or less or for which the ROU asset at inception is deemed immaterial, we will not recognize ROU assets or lease liabilities. Those leases are expensed on a straight-line basis over the term of the lease.

NOTE 2 – LEASE COMMITMENTS

Operating leases

The Organization leases copiers and printers under non-cancelable operating leases. The Organization has classified these leases as operating leases. The leases do not include termination options for either party to the leases or restrictive financial or other covenants. As of the end of the reporting period, three of the previous operating leases have expired. These leases had an average monthly payment of \$404 per month. Subsequently, the Organization entered into a new lease agreement for copiers and printers, with a monthly rent of \$780. The average interest rate used to discount the new lease payments is 4.38%. Total operating lease expenses included in functional expenses was \$7,411 for December 31, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – (Continued)

Finance leases

Finance leases consist of lease obligations for six automobiles and one forklift, with monthly installments amounting to \$2,278. The applicable interest rates for the leases of the six automobiles range from 4.02% to 5.90%, with an average interest rate of approximately 4.87%, while the forklift lease carries an interest rate of 2.94%.

Short-term leases

Many of the fixed assets used by Crossroads, Inc. are owned by Crossroads Foundation, Inc. Crossroads, Inc. pays an annual fee to lease these assets from Crossroads Foundation, Inc. The lease is renewable annually. Total lease expense for the years ending December 31, 2023, and 2022 was \$100,097 and \$70,000, respectively. The increase in lease expense in 2023 is primarily due to the additional rent for the Senior Resource Building.

The Organization also maintains office and program space in three separate locations under annually renewable leases. Total rent expense for these leases was \$17,400 for the year ending December 31, 2023.

The lease cost and other required information for the year ending December 31, 2023 is as follows:

Lease cost:

Finance lease costs	
Amortization of right-of-use asset	\$ 15,966
Interest on lease liabilities	628
Operating lease cost	7,411
Short-term lease costs	<u>17,400</u>
Total lease cost	<u>\$ 41,405</u>

The aggregate future lease payments for finance and operating leases as of December 31, 2023 are as follows:

Year Ended December 31	Finance Leases	Operating Leases
2024	\$ 18,613	\$ 9,370
2025	6,254	9,370
2026	6,254	9,370
2027	4,788	9,370
2028	<u>1,156</u>	<u>5,466</u>
Total undiscounted minimum lease payments	\$ 37,065	\$ 42,946
Less: Present value discount	<u>2,058</u>	<u>4,102</u>
Lease Liability	<u><u>\$ 35,007</u></u>	<u><u>\$ 38,844</u></u>

Categorized as follows:

Short-term	\$ 17,717	\$ 7,824
Long-term	<u>17,290</u>	<u>31,020</u>
Total	<u><u>\$ 35,007</u></u>	<u><u>\$ 38,844</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FIXED ASSETS

Property and equipment are comprised of the following:

	2023	2022
Buildings and improvements	\$1,369,466	\$1,210,402
Equipment	197,059	215,025
Vehicles	434,566	205,026
Total	\$2,001,091	\$1,630,453
Less accumulated depreciation	839,347	781,557
Net property and equipment	<u>\$1,161,744</u>	<u>\$ 848,896</u>

NOTE 4 – RETIREMENT EXPENSE

Crossroads, Inc. has a retirement plan (401(k)) for full-time employees, whereby the Organization contributes 2% of earnings for each employee. The employee may contribute up to the maximum allowed by current tax laws. Total retirement expense for the Organization in 2023 and 2022 was \$38,367 and \$35,947, respectively.

NOTE 5 – CONCENTRATION OF CREDIT RISK

Crossroads, Inc. maintains its primary cash in bank deposit accounts at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were \$294,022 and \$228,423 of uninsured bank balances at December 31, 2023 and 2022, respectively. The Organization does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTE 6 – CONTRIBUTED NONFINANCIAL ASSETS

	2023	2022	Usage
Rent	\$ ---	\$ 12,000	Programming

Contributed nonfinancial assets were valued at retail pricing using identical or similar products in the Muscatine region. No noncash financial assets were restricted.

NOTE 7 – ACCRUED EXPENSES

Accrued expenses at December 31, 2023 and 2022 were comprised of the following:

	2023	2022
Accrued staff payroll	\$ 59,950	\$ 51,131
Accrued vacation/sick pay	94,954	70,743
Total accrued expenses	<u>\$ 154,904</u>	<u>\$ 121,874</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RELATED PARTIES

Crossroads, Inc. of Muscatine, provides certain administrative services on a reimbursement basis for Crossroads Foundation, Inc. The administrative services for the years ended December 31, 2023 and 2022 was \$4,000 for both years. Crossroads Foundation, Inc. makes contributions to support Crossroads, Inc.'s operations. There were no contributions made for the years ended December 31, 2023 and 2022. Also, Crossroads, Inc. was reimbursed from Crossroads Foundation, Inc. for expenses paid on Crossroads Foundation, Inc.'s behalf in the amount of \$20,493 and \$20,116 for the years ended December 31, 2023 and 2022, respectively. Crossroads Foundation, Inc. also had accounts payable to Crossroads, Inc. of \$19,734 and \$62,958 at December 31, 2023 and 2022, respectively. Crossroads Foundation, Inc.'s Board has four members in common with Crossroads, Inc. During 2022, Crossroads Foundation paid \$195,124 on behalf of Crossroads, Inc. This amount is expected to be reimbursed and is recorded as a payable balance as of December 31, 2023, and December 31, 2022.

In addition, Crossroads Foundation, Inc. (Lessor) and Crossroads, Inc. (Lessee) have a lease agreement for buildings, equipment, and vehicles. In 2023, the monthly rent increased from \$5,833 in 2022 to \$9,177, which includes an additional rent of \$3,344 for the Senior Resource Building, effective January 2023. To assist Crossroads, Inc. with building repair costs, the rent for the first three months of the Senior Resource Building was waived. Consequently, total lease payments for 2023 amounted to \$100,097, compared to \$70,000 in 2022.

Other than the sharing of certain administrative expenses and common Board members, each organization is a separate entity.

NOTE 9 – AVAILABLE RESOURCES AND LIQUIDITY

Crossroads, Inc. regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's primary sources of liquidity include cash and cash equivalents and accounts receivable.

In addition to financial assets available to meet general expenditures over the next several months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue through programs and contributions to cover general expenditures.

The following reflects the Organization's financial assets as of the statement of financial position date; reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 501,916	\$ 621,285
Certificates of deposit	201,171	42,577
Grants receivable	77,854	73,725
Accounts receivable- trade, net	388,515	334,338
Due from Crossroad Foundation	19,734	62,958
Total financial assets	<u>\$ 1,189,190</u>	<u>\$ 1,134,883</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>\$ 236,914</u>	<u>\$ 262,596</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 952,276</u>	<u>\$ 872,287</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

The Organization has a \$25,000 endowment which is restricted for the Meals on Wheels program. Income from the endowment is restricted for use related to this program.

The Organization also received a \$179,814 gift in 2015 for an endowment which is also restricted for the Meals on Wheels program. Income from the endowment is restricted for use related to this program. This endowment was transferred to the Community Foundation (see Note 12).

The following are net assets with donor restriction at December 31:

	2023	2022
City of Muscatine – time restriction	\$ 15,000	\$ 22,500
United Way – time restriction	17,100	35,282
Meals on Wheels endowment	204,814	204,814
Total	<u>\$ 236,914</u>	<u>\$ 262,596</u>

NOTE 11 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses to satisfy the restricted purposes or by occurrence of time or other events specified by donors during the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
City of Muscatine	\$ 22,500	\$ - - -
United Way	35,282	- - -
Community Foundation	- - -	- - -
Total	<u>\$ 57,782</u>	<u>\$ - - -</u>

NOTE 12 – FAIR VALUE MEASUREMENTS

The Organization adopted FASB accounting guidance for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – (Continued)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation methodologies used for significant assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include beneficial interest in assets held in Community Foundation of Greater Muscatine.

The following table summarizes significant assets and liabilities measured at fair value on a recurring basis as of December 31, 2023:

	Total Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets held at Community Foundation	\$ 222,974	\$ 222,974	- - -	- - -
Total	\$ 222,974	\$ 222,974	\$ - - -	\$ - - -

The following table summarizes significant assets and liabilities measured at fair value on a recurring basis as of December 31, 2022:

	Total Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets held at Community Foundation	\$ 198,105	\$ 198,105	- - -	- - -
Total	\$ 198,105	\$ 198,105	\$ - - -	\$ - - -

There were no transfers of assets between Levels 1, 2, and 3 of the fair value hierarchy during the years ended December 31, 2023 and 2022.

The investments of the Organization are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization is the beneficiary of two endowment funds at the Community Foundation of Greater Muscatine (the "Community Foundation"). The first fund is a general endowment for the Organization, and the second fund is donor-restricted for the Meals on Wheels program. The Endowment Fund agreements with the Community Foundation state that up to 5% of the balance of the Endowment Funds can be distributed each year when requested by the Organization. The Community Foundation must approve all distribution requests. The agreements with the Community Foundation state that gifts may be added to the funds at any time and the Community Foundation is responsible for the investment management of the assets. The agreements grant the Community Foundation the power to redirect the assets to another qualified organization if the Organization does not fulfill the charitable needs of the community or if it ceases to exist.

The Organization contributed \$0 to the funds during the years ended December 31, 2023 and 2022. The Organization has distributed \$0 and \$11,700 from the funds at December 31, 2023 and 2022, respectively. The balance of the funds was \$222,974 and \$198,105 at December 31, 2023 and 2022, respectively, as shown on the Statement of Financial Position.

NOTE 14 – RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financials statements, in order to conform them to the current year's presentation.

NOTE 15 – SUBSEQUENT EVENTS

Crossroads, Inc. evaluated its December 31, 2023 financial statements for subsequent events through November 25, 2024, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.