

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Crossnore Communities for Children  
Crossnore, North Carolina

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Crossnore Communities for Children (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crossnore Communities for Children as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Crossnore Communities for Children and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 these consolidated 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 Crossnore Communities for Children'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crossnore Communities for Children's ability to continue as a going concern for a reasonable period of time.

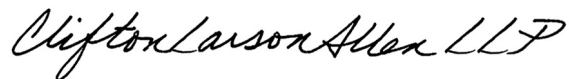
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 31 to 37 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare these consolidated financial statements or to these consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 March 6, 2025, on our consideration of Crossnore Communities for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 6, 2025

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2024 AND 2023**

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash	\$ 4,594,928	\$ 7,422,821
Unconditional Promises to Give, Current	4,332,846	5,084,969
Accounts Receivable, Net	1,187,277	770,959
Other Receivables	2,723,994	2,722,307
Note Receivable, Current	75,000	-
Prepaid Expenses and Other Assets	163,247	28,854
Investments	39,333,792	35,045,787
Inventory	407,904	511,980
Real Estate Held for Sale	152,000	152,000
Total Current Assets	52,970,988	51,739,677
 <b>UNCONDITIONAL PROMISES TO GIVE, NONCURRENT, Net</b>	 7,702,217	 5,120,907
<b>NOTE RECEIVABLE, NONCURRENT</b>	525,000	-
<b>BENEFICIAL INTERESTS IN PERPETUAL TRUSTS</b>	3,569,599	3,121,408
<b>PROPERTY AND EQUIPMENT, Net</b>	24,338,482	23,350,750
Total Assets	\$ 89,106,286	\$ 83,332,742

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 280,329	\$ 190,401
Accrued Liabilities	962,790	1,406,838
Accrued Compensated Absences	353,894	345,921
Custodial Student Fund	13,785	17,176
Total Current Liabilities	1,610,798	1,960,336
<b>LINE OF CREDIT</b>	1,000,000	-
<b>NOTES PAYABLE</b>	563,927	553,595
Total Liabilities	3,174,725	2,513,931
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	56,618,152	54,279,380
Internally-Designated	3,975,003	3,778,337
Total Without Donor Restrictions	60,593,155	58,057,717
With Donor Restrictions	25,338,406	22,761,094
Total Net Assets	85,931,561	80,818,811
Total Liabilities and Net Assets	\$ 89,106,286	\$ 83,332,742

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 7,813,194	\$ 5,070,686	\$ 12,883,880
In-Kind Support	56,479	-	56,479
Grant Income	1,604,012	-	1,604,012
Room and Board	7,288,751	-	7,288,751
Investment Income	6,725,496	68,173	6,793,669
Change in Beneficial Interests in Trusts	-	448,191	448,191
Supporting Business Activities	4,118,149	-	4,118,149
Other Income	1,520,225	-	1,520,225
Total	29,126,306	5,587,050	34,713,356
Net Assets Released from Restrictions	3,009,738	(3,009,738)	-
Total Support and Revenue	32,136,044	2,577,312	34,713,356
 <b>EXPENSES</b>			
Program Services:			
Residential Living/Cottages	10,662,380	-	10,662,380
Case Management	1,070,629	-	1,070,629
OP Therapy	2,001,358	-	2,001,358
Program Services Support	1,221,368	-	1,221,368
Recreation	252,594	-	252,594
Dietary	1,423,587	-	1,423,587
Williams Academy/Education	252,310	-	252,310
Tailored Care Management	1,167,792	-	1,167,792
Preventative Care	12,285	-	12,285
Clinics	288,002	-	288,002
Foster Care	2,211,547	-	2,211,547
Center for Trauma Resilient Communities	2,088,827	-	2,088,827
Home Builders	658,279	-	658,279
Other Services	1,613,893	-	1,613,893
Total Program Services	24,924,851	-	24,924,851
Supporting Services:			
Administrative	3,433,704	-	3,433,704
Advancement	1,242,051	-	1,242,051
Total Supporting Services	4,675,755	-	4,675,755
Total Expenses	29,600,606	-	29,600,606
 <b>INCREASE IN NET ASSETS</b>	2,535,438	2,577,312	5,112,750
Net Assets - Beginning of Year	58,057,717	22,761,094	80,818,811
 <b>NET ASSETS - END OF YEAR</b>	\$ 60,593,155	\$ 25,338,406	\$ 85,931,561

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 7,507,267	\$ 5,378,386	\$ 12,885,653
In-Kind Support	71,458	-	71,458
Room and Board	6,260,896	-	6,260,896
Investment Income	5,243,132	184,322	5,427,454
Change in Beneficial Interests in Trusts	-	(20,931)	(20,931)
Supporting Business Activities	3,306,785	-	3,306,785
Other Income	1,189,908	-	1,189,908
Total	23,579,446	5,541,777	29,121,223
Net Assets Released from Restrictions	5,178,861	(5,178,861)	-
Total Support and Revenue	28,758,307	362,916	29,121,223
<b>EXPENSES</b>			
Program Services:			
Residential Living/Cottages	9,062,890	-	9,062,890
Case Management	924,932	-	924,932
OP Therapy	2,164,599	-	2,164,599
Program Services Support	1,174,639	-	1,174,639
Recreation	242,436	-	242,436
Dietary	1,392,011	-	1,392,011
Williams Academy/Education	241,174	-	241,174
Tailored Care Management	756,671	-	756,671
Clinics	117	-	117
Foster Care	255,333	-	255,333
Day Treatment	2,236,725	-	2,236,725
Center for Trauma Resilient Communities	1,203,274	-	1,203,274
Home Builders	447,660	-	447,660
Other Services	1,557,617	-	1,557,617
Total Program Services	21,660,078	-	21,660,078
Supporting Services:			
Administrative	3,177,946	-	3,177,946
Advancement	1,410,650	-	1,410,650
Total Supporting Services	4,588,596	-	4,588,596
Total Expenses	26,248,674	-	26,248,674
<b>INCREASE IN NET ASSETS</b>	2,509,633	362,916	2,872,549
Net Assets - Beginning of Year	55,548,084	22,398,178	77,946,262
<b>NET ASSETS - END OF YEAR</b>	\$ 58,057,717	\$ 22,761,094	\$ 80,818,811

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2024**

	Program Services									
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Williams Academy/ Education	Tailored Care Management	Preventative Care	Clinics
Salaries	\$ 5,162,975	\$ 631,778	\$ 1,330,683	\$ 817,257	\$ 38,329	\$ 483,281	\$ 87,018	\$ 752,118	\$ -	\$ 124,183
Payroll Taxes	407,402	49,725	102,531	62,411	3,184	38,456	6,704	59,326	-	9,594
Employee Benefits	1,092,738	129,837	274,192	161,555	12,949	102,129	16,445	163,715	4,068	19,069
Insurance	748,995	7,920	18,297	4,476	266	2,450	1,340	29,037	-	4,855
Supplies	136,822	2,806	9,062	8,501	611	37,447	2,294	4,022	1,319	2,152
Utilities	406,577	14,399	27,146	13,225	32,486	36,260	43,973	20,919	132	2,606
Student Special Needs	38,730	10,032	-	-	-	-	-	26	-	18
Student Scholarships	161,217	435	5,000	-	-	-	-	-	-	-
Student Allowances	94,129	-	-	447	-	-	-	-	-	-
Staff Expenses	43,153	2,812	33,015	22,735	275	2,145	441	3,506	1,235	1,430
Food and Beverage	268,339	1,785	3,935	6,768	4,299	498,683	365	1,802	400	430
First Aid	60,156	47	-	-	-	-	-	-	-	3,515
Recreation	76,907	74	140	-	111,389	-	-	-	-	-
Equipment Rental	38,944	2,183	9,728	181	-	4,407	2,529	-	-	11
Freight and Postage	1,973	598	297	458	-	152	89	-	-	61
Professional Services	77,241	4,931	11,857	8,360	-	2,836	2,104	6,000	-	71,446
Maintenance, Repairs, and Contract Labor	552,375	70,288	83,734	36,143	2,042	70,572	26,569	18,051	84	26,198
Foster Care Parent Fees	1,093	-	-	-	-	-	-	-	1,695	-
Advertising	4,727	1,576	1,171	-	-	-	-	-	-	-
Dues and Subscriptions	13,121	6,834	8,611	23,588	-	6,021	11	549	-	2,409
Telephone	46,608	9,924	18,812	8,766	607	1,830	594	10,672	-	1,766
Printing, Publishing, and Solicitation	4,749	1,569	21	14	-	3	-	51	-	-
Property Taxes	2,226	-	-	-	-	-	-	-	-	-
Auto Expense	122,564	3,388	3,424	6,478	1,693	2,533	5,719	5,897	-	1,712
Student Work Programs	24,910	10	-	-	-	-	-	-	-	-
Travel	7,117	1,403	5,537	5,497	571	1,556	253	12,890	(345)	1,077
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-
Special Programs	27,871	71,554	23	-	5,789	-	-	-	-	248
Bank Service Charges	-	-	787	-	-	-	-	-	-	114
Trust Management Fees	-	-	-	-	-	-	-	-	-	-
Miscellaneous	8,864	7,701	-	-	-	-	10,199	-	-	-
Total Expenses Before Depreciation	<u>9,632,523</u>	<u>1,033,609</u>	<u>1,948,003</u>	<u>1,186,860</u>	<u>214,490</u>	<u>1,290,761</u>	<u>206,647</u>	<u>1,088,581</u>	<u>8,588</u>	<u>272,894</u>
Depreciation	<u>1,029,857</u>	<u>37,020</u>	<u>53,355</u>	<u>34,508</u>	<u>38,104</u>	<u>132,826</u>	<u>45,663</u>	<u>79,211</u>	<u>3,697</u>	<u>15,108</u>
Total Expenses by Function	<u>\$ 10,662,380</u>	<u>\$ 1,070,629</u>	<u>\$ 2,001,358</u>	<u>\$ 1,221,368</u>	<u>\$ 252,594</u>	<u>\$ 1,423,587</u>	<u>\$ 252,310</u>	<u>\$ 1,167,792</u>	<u>\$ 12,285</u>	<u>\$ 288,002</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Program Services (Continued)				Total Program Services	Management and General	Fundraising	Total
	Foster Care	Center For Trauma Resilient Communities	Home Builders	Other Services				
Salaries	\$ 1,148,071	\$ 927,484	\$ 465,635	\$ 649,229	\$ 12,618,041	\$ 1,754,107	\$ 578,098	\$ 14,950,246
Payroll Taxes	87,836	73,231	36,122	49,269	985,791	125,862	43,087	1,154,740
Employee Benefits	237,922	142,935	91,472	121,252	2,570,278	305,529	99,306	2,975,113
Insurance	11,350	2,535	2,643	36,368	870,532	25,367	2,614	898,513
Supplies	7,158	20,655	1,214	20,523	254,586	23,163	11,188	288,937
Utilities	22,361	9,892	3,270	38,081	671,327	45,838	13,070	730,235
Student Special Needs	2,384	-	3,347	35	54,572	3,424	-	57,996
Student Scholarships	-	-	-	-	166,652	-	-	166,652
Student Allowances	-	-	-	-	94,576	-	-	94,576
Staff Expenses	25,081	53,934	12,370	2,812	204,944	90,554	19,727	315,225
Food and Beverage	4,419	56,676	2,470	4,978	855,349	14,372	9,637	879,358
First Aid	-	-	-	-	63,718	-	-	63,718
Recreation	-	-	-	-	188,510	-	227	188,737
Equipment Rental	10,971	3,706	-	-	72,660	34,475	76,608	183,743
Freight and Postage	1,366	145	10	400	5,549	16,376	18,785	40,710
Professional Services	10,828	2,381	987	-	198,971	234,391	98,724	532,086
Maintenance, Repairs, and Contract Labor	54,134	722,452	18,175	74,013	1,754,830	153,095	34,430	1,942,355
Foster Care Parent Fees	497,338	-	-	-	500,126	-	-	500,126
Advertising	5,389	14,360	91	-	27,314	48,427	93,272	169,013
Dues and Subscriptions	16,161	6,794	900	3,652	88,651	41,198	9,770	139,619
Telephone	15,731	3,976	4,728	2,044	126,058	13,613	4,244	143,915
Printing, Publishing, and Solicitation	6,005	1,293	-	22	13,727	47,289	92,505	153,521
Property Taxes	-	-	-	8,983	11,209	-	-	11,209
Auto Expense	3,721	-	38	16,646	173,813	14,602	3,839	192,254
Student Work Programs	-	-	-	-	24,920	-	-	24,920
Travel	16,735	45,150	9,118	6,667	113,226	14,901	12,694	140,821
Cost of Goods Sold	-	-	-	417,173	417,173	-	-	417,173
Special Programs	199	-	-	15,381	121,065	909	18	121,992
Bank Service Charges	-	-	-	18,285	19,186	23,448	-	42,634
Trust Management Fees	-	-	-	-	-	98,922	-	98,922
Miscellaneous	582	-	-	9,053	36,399	57,548	2,042	106,215
Total Expenses Before Depreciation	<u>2,185,742</u>	<u>2,087,599</u>	<u>652,590</u>	<u>1,494,866</u>	<u>23,303,753</u>	<u>3,187,410</u>	<u>1,223,885</u>	<u>27,725,274</u>
Depreciation	<u>25,805</u>	<u>1,228</u>	<u>5,689</u>	<u>119,027</u>	<u>1,621,098</u>	<u>246,294</u>	<u>18,166</u>	<u>1,885,558</u>
Total Expenses by Function	<u>\$ 2,211,547</u>	<u>\$ 2,088,827</u>	<u>\$ 658,279</u>	<u>\$ 1,613,893</u>	<u>\$ 24,924,851</u>	<u>\$ 3,433,704</u>	<u>\$ 1,242,051</u>	<u>\$ 29,600,606</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services									
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Williams Academy/ Education	Tailored Care Management	Preventative Care	Clinics
Salaries	\$ 4,370,439	\$ 570,346	\$ 1,493,558	\$ 788,091	\$ 58,801	\$ 482,717	\$ 81,677	\$ 466,607	\$ -	\$ 100,359
Payroll Taxes	345,534	44,843	114,138	61,375	3,667	37,781	6,315	53,696	-	7,849
Employee Benefits	798,132	109,217	264,198	138,552	11,675	101,972	15,158	96,397	-	13,437
Insurance	521,885	4,130	30,655	1,227	51	860	726	4,309	-	2,699
Supplies	122,988	7,652	9,010	8,247	484	57,387	2,142	14,586	-	2,613
Utilities	333,529	12,267	21,155	4,198	21,380	37,122	42,307	6,554	-	2,864
Student Special Needs	11,011	18,634	-	-	-	-	-	-	-	-
Student Scholarships	167,889	-	-	-	-	-	-	-	-	-
Student Allowances	100,080	-	-	17	-	-	-	-	-	-
Staff Expenses	51,099	4,616	19,003	15,842	-	2,665	459	685	-	1,869
Food and Beverage	216,544	1,806	4,607	7,632	4,992	461,266	-	33,696	-	268
First Aid	48,211	308	-	-	-	-	-	-	-	3,088
Recreation	64,140	419	1,608	41	85,026	-	-	8	-	-
Equipment Rental	7,455	3,621	8,986	581	-	5,141	1,430	-	-	48
Freight and Postage	1,735	540	357	193	-	86	44	160	-	53
Professional Services	49,636	1,758	37,473	6,965	-	5,636	1,326	-	-	66,462
Maintenance, Repairs, and Contract Labor	547,596	70,495	73,434	34,669	3,909	52,973	21,950	-	84	26,665
Foster Care Parent Fees	-	-	-	-	-	-	-	191	-	-
Advertising	6,087	1,962	3,076	-	-	-	-	-	-	-
Dues and Subscriptions	13,139	2,715	4,635	2,812	-	2,772	125	-	-	1,514
Telephone	37,298	14,381	22,025	6,954	905	2,873	671	40	-	2,065
Printing, Publishing, and Solicitation	6,612	2,173	5	4	-	1	-	5,399	-	-
Property Taxes	45,355	-	-	-	-	-	-	-	-	-
Auto Expense	155,441	5,861	8,515	7,681	1,321	4,657	5,180	-	33	1,677
Student Work Programs	31,904	21	-	-	-	-	-	510	-	-
Travel	11,184	1,204	3,090	6,315	532	1,341	363	-	-	1,589
Cost of Goods Sold	-	-	-	-	-	-	-	52,817	-	-
Special Programs	35,897	(126)	52	-	9,930	-	-	-	-	-
Bank Service Charges	-	-	982	-	-	-	-	-	-	478
Trust Management Fees	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	9,329	1,267	192	63,425	-	61	12,000	-	-	24
Total Expenses Before Depreciation	<u>8,110,149</u>	<u>880,110</u>	<u>2,120,754</u>	<u>1,154,821</u>	<u>202,673</u>	<u>1,257,311</u>	<u>191,873</u>	<u>735,655</u>	<u>117</u>	<u>235,621</u>
Depreciation	952,741	44,822	43,845	19,818	39,763	134,700	49,301	-	-	19,712
Total Expenses by Function	<u>\$ 9,062,890</u>	<u>\$ 924,932</u>	<u>\$ 2,164,599</u>	<u>\$ 1,174,639</u>	<u>\$ 242,436</u>	<u>\$ 1,392,011</u>	<u>\$ 241,174</u>	<u>\$ 735,655</u>	<u>\$ 21,016</u>	<u>\$ 255,333</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services (Continued)				Total Program Services	Management and General	Fundraising	Total
	Foster Care	Center For Trauma Resilient Communities	Home Builders	Other Services				
Salaries	\$ 1,222,785	\$ 667,006	\$ 304,376	\$ 618,768	\$ 11,225,530	\$ 1,603,958	\$ 510,719	\$ 13,340,207
Payroll Taxes	89,025	50,725	24,036	49,072	888,056	105,831	36,208	1,030,095
Employee Benefits	228,698	60,529	56,827	101,853	1,996,645	230,633	80,424	2,307,702
Insurance	11,147	730	14,399	36,964	629,782	15,961	637	646,380
Supplies	10,254	8,257	567	25,293	269,480	18,476	9,070	297,026
Utilities	18,090	729	-	31,528	531,723	32,605	9,163	573,491
Student Special Needs	2,208	-	1,976	-	33,829	-	-	33,829
Student Scholarships	-	-	-	-	167,889	27	30	167,946
Student Allowances	44	-	-	-	100,141	-	-	100,141
Staff Expenses	46,983	67,775	27,937	2,725	241,658	67,342	158,071	467,071
Food and Beverage	5,916	14,477	1,518	3,764	756,486	10,496	12,348	779,330
First Aid	-	-	-	-	51,607	-	-	51,607
Recreation	-	-	-	-	151,242	-	31	151,273
Equipment Rental	9,574	70	-	-	37,066	23,702	39,414	100,182
Freight and Postage	1,441	163	-	793	5,405	13,628	19,491	38,524
Professional Services	8,468	68,162	-	183	246,069	247,235	223,172	716,476
Maintenance, Repairs, and Contract Labor	54,713	200,465	-	70,535	1,157,679	164,046	64,723	1,386,448
Foster Care Parent Fees	437,475	-	-	-	437,475	-	-	437,475
Advertising	5,887	1,560	-	-	18,572	59,334	92,237	170,143
Dues and Subscriptions	7,638	5,729	439	1,555	43,113	38,541	4,898	86,552
Telephone	16,783	1,185	2,302	1,874	114,715	17,472	3,792	135,979
Printing, Publishing, and Solicitation	12,373	123	1,726	303	23,320	60,497	106,515	190,332
Property Taxes	-	-	-	3,510	48,865	-	-	48,865
Auto Expense	10,198	706	214	21,189	223,183	25,653	9,582	258,418
Student Work Programs	3	-	-	-	31,928	-	-	31,928
Travel	10,444	26,910	6,204	5,697	127,690	13,344	7,639	148,673
Cost of Goods Sold	-	-	-	422,189	422,189	-	-	422,189
Special Programs	1,150	-	-	16,742	63,645	178	250	64,073
Bank Service Charges	-	-	-	20,757	22,217	30,869	-	53,086
Trust Management Fees	-	-	-	-	-	108,367	-	108,367
Interest Expense	-	-	-	-	-	10,062	-	10,062
Miscellaneous	5,170	27,002	-	15,273	133,743	46,495	-	180,238
Total Expenses Before Depreciation	2,216,467	1,202,303	442,521	1,450,567	20,200,942	2,944,752	1,388,414	24,534,108
Depreciation	20,258	971	5,139	107,050	1,459,136	233,194	22,236	1,714,566
Total Expenses by Function	<u>\$ 2,236,725</u>	<u>\$ 1,203,274</u>	<u>\$ 447,660</u>	<u>\$ 1,557,617</u>	<u>\$ 21,660,078</u>	<u>\$ 3,177,946</u>	<u>\$ 1,410,650</u>	<u>\$ 26,248,674</u>

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 5,112,750	\$ 2,872,549
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,885,558	1,714,566
Discount Amortization	10,332	9,927
(Gain) Loss on Disposal or Sale of Property and Equipment	(45,752)	25,773
Unrealized Gain on Investments	(5,728,543)	(3,324,955)
Realized (Gain) Loss on Investments	61,134	(486,056)
Other Investment Income	(646,246)	(414,253)
(Increase) Decrease in:		
Accounts Receivable	(416,318)	368,092
Promises to Give	(1,829,187)	(467,865)
Other Receivables	(1,687)	3,323,794
Note Receivable	(600,000)	-
Prepaid Expenses	(134,393)	(30,154)
Inventory	104,076	70,492
Increase (Decrease) in:		
Accounts Payable	89,928	56,331
Custodial Student Funds	(3,391)	7,328
Accrued Liabilities and Compensated Absence	(436,075)	1,038,183
Environmental Remediation Liability	-	(14,228)
Net Cash Provided (Used) by Operating Activities	(2,577,814)	4,749,524
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(1,135,828)	(178,551)
Sale of Investments	2,713,287	3,778,400
Proceeds from Sale of Property and Equipment	45,452	34,283
Purchases of Property and Equipment	(2,872,990)	(2,709,703)
Net Cash Provided (Used) by Investing Activities	(1,250,079)	924,429
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	1,000,000	-
Net Cash Provided by Financing Activities	1,000,000	-
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,827,893)	5,673,953
Cash - Beginning of Year	7,422,821	1,748,868
<b>CASH - END OF YEAR</b>	\$ 4,594,928	\$ 7,422,821

See accompanying Notes to Consolidated Financial Statements.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Crossnore Communities for Children is a North Carolina nonprofit organization whose purpose is to provide a stable environment for children from families in crisis. Their support comes primarily from charitable contributions and government funding. There are campuses in Crossnore and Winston-Salem, North Carolina. During 2018, the Crossnore Communities for Children opened an office in Hendersonville, North Carolina that specializes in foster care and outpatient therapy.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Crossnore Communities for Children (Communities) and its affiliate, The Crossnore School Children's Foundation (the Foundation). Collectively, they are referred to as "Crossnore." The Foundation was founded on October 1, 2012, to solicit, manage, invest and distribute assets for the benefit of Communities. Communities elected to transfer its investments into the Foundation, and the Foundation manages those assets and makes periodic distributions to Communities, in accordance with the Foundation's spending policy, in support of Communities' charitable and educational activities. All intercompany balances and transactions have been eliminated in consolidation.

**Basis of Presentation**

The accompanying consolidated financial statements of Crossnore have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

**Use of Estimates**

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

**Classification of Net Assets**

Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions, net assets of Crossnore and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – consist of all resources of Crossnore which have no donor-imposed restrictions. Net assets without donor restrictions consist of assets (including land, buildings, and equipment) and public support and revenue available and used for current operations and expenditures for current programs, equipment replacement, or other specific purposes. Crossnore's governing board may, at their discretion, designate net assets without donor restrictions for a specified purpose.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Classification of Net Assets (Continued)**

*Net Assets With Donor Restrictions* – consist of contributions received whose use by Crossnore is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of Crossnore. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that investments be maintained in perpetuity. Income from the investment of net assets with donor restrictions perpetual in nature is classified as with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as assets released from restrictions.

**Basis of Accounting**

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Support restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the contribution is recognized.

**Cash and Cash Equivalents**

Crossnore considers money market accounts and highly liquid investments with an original maturity of three months or less to be cash equivalents, except those cash amounts maintained as part of the investment portfolio.

**Receivables and Allowance for Credit Losses**

Crossnore has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. Crossnore adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's consolidated financial statements but did change how the allowance for credit losses is determined.

Receivables consist of contributions and other program receivables and are stated at cost less an allowance for doubtful accounts, where applicable. Note receivable consist of a loan made by Crossnore to a charter school. Unconditional promises receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. At September 30, 2024 and 2023, management recorded an allowance on program receivables of \$241,383 and \$305,781, respectively.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Receivables and Allowance for Credit Losses (Continued)**

The opening and closing contract balances were as follows:

	Accounts Receivable
Balance as of September 30, 2022	\$ 1,139,052
Balance as of September 30, 2023	770,960
Balance as of September 30, 2024	1,187,277

**Investments**

Investments in marketable securities with readily determinable fair values are valued in the consolidated statements of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Investments in limited partnerships are stated at net asset value determined based on pricing services that are believed to be reliable. Investments in limited liability corporations are stated at cost. Interest and dividend income and gains or losses on investments (including realized gains on sale of investments and gains on the change in fair value of investments) are included in support and revenue.

Donated investments are recorded at fair value at the date of receipt.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Donations of inventory items are recorded at estimated fair market value.

**Real Estate Held for Sale**

Accounting principles generally accepted in the United States of America require that long-lived assets to be sold be classified as "held for sale" in the period in which certain criteria are met, such as the estimated timeframe in which the assets are expected to be sold. As a result, depreciation is not recorded on an asset once it is deemed to be held for sale, and it is recorded in the consolidated financial statements at the lower of its carrying value or fair value less cost to sell.

**Property and Equipment**

Crossnore capitalizes expenditures for property and equipment in excess of \$1,000 that have a useful life of more than one year. Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is calculated on the straight-line method over the estimated useful life of the asset. Maintenance and repair costs are charged to expense as incurred. Gains and losses on disposal are reflected in its own line in the consolidated statements of activities.

Long-lived assets held and used by Crossnore are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Property and Equipment (Continued)**

In 2020, Crossnore received a one-time payment of \$6,500,000 in exchange for signing a conservation easement with an unaffiliated nonprofit organization that limits Crossnore's ability to develop approximately 92 acres of land on their Winston-Salem campus. The easement restricts the property from future development and prohibits Crossnore from building a permanent structure on that acreage. In 2020, Crossnore recorded an impairment loss of \$2,145,500 related to the decrease in the land value as a result of the limitation imposed on its use.

Crossnore has since entered into an agreement with a third party that gives the third party permission and approval to commence with the construction of two public parking lots and associated improvements serving the Trail. Crossnore has the right to establish, modify, post and enforce rules and regulations related to the use and operation of the Trail. The parties further understand that such rules and regulations must be consistent with the terms of the Conservation Easement.

**Beneficial Interest in Term and Perpetual Trusts**

Crossnore holds a beneficial interest in several term and perpetual trusts. These trusts are administered by independent trustees and generally consist of cash and cash equivalents, mutual funds, and debt and equity securities, which are carried at fair value. Under the terms of the trusts, the donors have established and funded the trusts with specified distributions to be made to Crossnore. Under the terms of perpetual trusts, distributions of income are to be made in perpetuity. Because the trusts are perpetual, these trusts are reported as a perpetual trust and are included in net assets with donor restrictions. Under the terms of term trusts, the principal of the trust is to be distributed 25 years after the death of their surviving spouse. Due to this restriction, this fund is reported as a term trust and is included in net assets with donor restrictions.

Income distributions from these trusts are recorded as investment income in the consolidated statement of activities, while any appreciation (depreciation) in the trust value is recorded as a change in value of the term and perpetual trusts.

**In-Kind Contributions**

Crossnore follows Financial Accounts Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Donated materials and equipment are reflected as contributions in the accompanying consolidated financial statements at their estimated fair market value at date of receipt.

Crossnore generally pays for services requiring specific expertise but does receive certain professional services at no cost. Crossnore recognizes the value of contributed services that enhance nonfinancial assets. If the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by persons who possess those skills, and would otherwise be purchased by Crossnore, a contribution is recorded at the fair value of the services.

For the year ended September 30, 2024 and 2023, in-kind contributions consisted of gift cards, supplies and other equipment for the sales store and coffee shop.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fair Value Measurements and Disclosures**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Crossnore has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value option for financial assets and liabilities allows entities the irrevocable option to elect fair value measurement for certain financial assets and liabilities that are not required to be reported at fair value, on an instrument-by-instrument basis. Crossnore has not elected to measure any existing financial instruments at fair value at September 30, 2024 or 2023 under this standard. However, Crossnore may elect to measure newly acquired financial instruments at fair value in the future.

**Uniform Prudent Management of Institutional Funds Act**

During fiscal year 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of North Carolina. In August 2008, the FASB released the nonprofit accounting standard for reporting of endowment funds (the UPMIFA Standard), which is intended to improve the quality and consistency of financial reporting of endowments held by nonprofit organizations. Under UPMIFA, all unappropriated endowment funds are considered restricted.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Tax-Exempt Status**

Crossnore is exempt from income taxes as a nonprofit corporation under Internal Revenue Service Code Section 501(c)(3) and is not a private foundation. The Foundation is also exempt from income taxes as a nonprofit corporation under Internal Revenue Service Code Section 501(c)(3). Accordingly, the consolidated financial statements do not reflect a provision for income taxes. Crossnore is subject to a tax on income from any unrelated business.

Crossnore follows guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance has had no impact on Crossnore's consolidated financial statements.

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses for the years ended September 30, 2024 and 2023 were \$169,013 and \$170,143, respectively.

**Allocation of Functional Expenses**

Crossnore allocates functional expenses among programs and other departments. A time study was performed to assess the amount of time employees were spending among various departments and Crossnore allocates costs based on these amounts.

**Reclassification**

During the year, certain items in the financial statements were reclassified to conform to the current year's presentation. These reclassifications had no effect on the reported net income or total assets.

**Leases**

Crossnore determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating in the statement of financial position. Finance leases are included in ROU assets –financing and lease liability – financing in the consolidated statement of financial position.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Crossnore will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Crossnore has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position. Crossnore has determined that there were no material ROU assets and liabilities as of September 30, 2024 and 2023.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Subsequent Events**

Crossnore has evaluated subsequent events through March 6, 2025, which is the date the consolidated financial statements were available to be issued.

**NOTE 2 SUPPORT AND REVENUE**

To determine revenue recognition for the arrangements that Crossnore determines are within the scope of Topic 606, Crossnore performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when Crossnore satisfies a performance obligation.

Performance obligations are determined based on the nature of the services provided by Crossnore. Revenue for performance obligations satisfied over time is recognized based on amounts expected to be received under its agreements. Crossnore believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when specific events have occurred, and Crossnore does not believe it is required to provide additional goods or services related to that obligation.

Room and Board Revenue, Training Center Revenue, Foster Care and Adoptions Revenue and Mental and Medical Services Revenue are reported at the amount that reflects the consideration to which Crossnore expects to be entitled in exchange for performing the services outlined in contracts. These amounts may be due from counties, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Crossnore bills the counties and third-party payors after the services are performed. Crossnore bills the users of the training center prior to services being performed. Revenue is recognized as the performance obligations are satisfied.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 SUPPORT AND REVENUE (CONTINUED)**

Agreements with third-party payors provide for payments that may differ from established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicaid:** Clinic and mental health services provided to children are paid specific rates based on type of service provided.
- **Other:** Payment agreements with certain commercial insurance carriers are based on negotiated contractually determined rates between Crossnore and the insurance company, health maintenance organization, or preferred provider organization.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Crossnore's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions and contractual adjustments were not considered material for the years ended September 30, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Crossnore has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the factors in the payor contract. For example, Medicaid, managed care, or other insurance have different reimbursement/payment methodologies.

Grants and other assistance from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Employee Retention Credit (ERC) was introduced as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was signed into law March 27, 2020. The ERC is a refundable tax credit against certain wages paid by an Eligible Employer. During the year ended September 30, 2022 Crossnore complied with the conditions of the ERC funding in the amount of approximately \$6,013,000, in compliance with the program, which was recorded as contribution income during the year ended September 30, 2022. During the year ended September 30, 2023, \$3,333,000 of this was received, with the remaining amount recorded in other receivables in the accompanying consolidated statement of financial position as of September 30, 2024 and 2023. Crossnore received cost-reimbursable grants of approximately \$3,013,000 that have not been recognized at September 30, 2024 because qualifying expenditures have not yet been incurred.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 SUPPORT AND REVENUE (CONTINUED)**

The timing of revenue recognition on contract revenue for the years ended September 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 8,920,902	\$ 7,590,868
Sales at Point in Time	709,503	767,153
Services at Point in Time	<u>3,296,720</u>	<u>2,399,568</u>
Total	<u>\$ 12,927,125</u>	<u>\$ 10,757,589</u>

**NOTE 3 INVESTMENTS**

As of September 30, 2024 and 2023, investments consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 4,217,591	\$ 3,261,177
Fixed Income Investments	12,274,659	9,228,639
Mutual Funds	851,092	610,073
Equity Investments	2,577,268	3,625,546
Limited Partnership	19,213,182	18,120,352
Limited Liability Company	<u>200,000</u>	<u>200,000</u>
Total Investments	<u>\$ 39,333,792</u>	<u>\$ 35,045,787</u>

Total investment income consisted of the following for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest Income	\$ 1,225,182	\$ 1,724,810
Investment Fees	(98,922)	(108,367)
Unrealized Gain, Net	5,728,543	3,324,955
Realized Gain (Loss), Net	<u>(61,134)</u>	<u>486,056</u>
Total Investment Income	<u>\$ 6,793,669</u>	<u>\$ 5,427,454</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 4 PROMISES TO GIVE**

Promises to give consisted of the following at September 30:

	<u>2024</u>	<u>2023</u>
Due in Less than One Year	\$ 4,332,846	\$ 5,084,969
Due in Two to Five Years	10,545,316	5,877,999
Total	14,878,162	10,962,968
Less: Present Value Discount	(2,843,099)	(757,092)
Promises to Give, Net	<u>\$ 12,035,063</u>	<u>\$ 10,205,876</u>

The rate used to calculate the present value discount was 5.19% for pledges made in the year ended September 30, 2023, and 3.85% for pledges made in the year ended September 30, 2024. At September 30, 2024, approximately \$220,900 of the outstanding promises to give are past due. Based on management's evaluation, they believe no allowance is necessary as of September 30, 2024 and 2023. However, management will continue to evaluate collectability of these amounts on a regular basis.

**NOTE 5 PROPERTY AND EQUIPMENT, NET**

Following is a summary of property and equipment and accumulated depreciation at September 30:

	<u>2024</u>	<u>2023</u>
Land and Land Improvements	\$ 7,311,498	\$ 6,497,231
Buildings and Improvements	36,815,029	35,255,174
Furniture and Equipment	5,590,993	5,263,029
Vehicles	2,426,287	2,045,475
Construction in Progress	2,204,995	2,491,437
Total	54,348,802	51,552,346
Less: Accumulated Depreciation	30,010,320	28,201,596
Property and Equipment, Net	<u>\$ 24,338,482</u>	<u>\$ 23,350,750</u>

Depreciation expense totaled \$1,885,558 and \$1,714,566 for the years ended September 30, 2024 and 2023, respectively. Construction in progress is related to general renovations on both campuses.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 6 LINES OF CREDIT**

Crossnore has a line of credit with a financial institution which is renewable each year with a maximum borrowing limit of \$1,500,000 and an interest rate of the Prime Rate plus 0.5%. The line of credit is secured by the property located at 100 DAR Drive, Crossnore, North Carolina. There were no amounts outstanding at September 30, 2024 and 2023.

Crossnore has two line of credit agreements with their investment company, both of which are dated May 19, 2022. One agreement has a maximum borrowing limit of \$7,000,000 and the other has a maximum borrowing limit of \$5,000,000. The interest rate is SOFR plus 1.5%. The lines of credit are secured by their investments with the company and are due on demand. There were no amounts outstanding on these lines at September 30, 2023. At September 30, 2024, there were outstanding borrowings on the \$7,000,000 line of credit of approximately \$1,000,000 for working capital and to finance construction of new campus.

**NOTE 7 NOTES PAYABLE**

Notes payable consisted of the following at September 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Interest-free construction loan from a governmental agency, collateralized by a deed of trust, maturing on September 24, 2030, with a face amount of \$300,000. Constructed property must be used for its intended purpose.	\$ 300,000	\$ 300,000
Interest-free loan from a nonprofit organization, collateralized by a deed of trust, maturing on September 14, 2040, net of unamortized discount of \$236,073 at September 30, 2024 (effective interest rate of 4%), with a face amount of \$500,000.	<u>263,927</u>	<u>253,595</u>
Total	<u>\$ 563,927</u>	<u>\$ 553,595</u>

Amortization of the discount is reported in the consolidated statement of activities as interest expense. Crossnore recognized approximately \$10,000 as interest expense related to the interest free loans for the years ended September 30, 2024 and 2023. Crossnore has no regularly required scheduled payments associated with these notes.

**NOTE 8 ACCRUED COMPENSATED ABSENCES**

Crossnore provides vacation and sick leave benefits to its employees and allows for the carryover of certain vacation leave from year to year. At September 30, 2024 and 2023, Crossnore was liable for benefits to its employees of \$353,894 and \$345,921, respectively.

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 9 CONCENTRATIONS**

Crossnore banks with institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. At times during the year, Crossnore deposits may exceed the FDIC insured limits, especially during periods of high cash flows. Management believes there is no significant risk with respect to these deposits.

**NOTE 10 CUSTODIAL SAVINGS ACCOUNT**

Crossnore maintains a custodial savings account for the benefit of the children of Crossnore Communities for Children. The savings account contains funds which are owned by the children; however, Crossnore has discretion regarding when the funds are distributed. The account is recorded as an asset in Crossnore's consolidated financial statements. An offsetting liability has also been recorded to reflect the children's interests in this account.

**NOTE 11 LIQUIDITY AND AVAILABILITY**

Crossnore invests cash in excess of short-term needs in investments which are liquid within a week. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated balance sheet date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 4,594,928	\$ 7,422,821
Investments:		
Cash and Cash Equivalents	4,217,591	3,261,177
Fixed Income Investments	12,274,659	9,228,639
Mutual Funds	851,092	610,073
Equity Investments	2,577,268	3,625,546
Accounts Receivable, Net	1,187,277	770,960
Other Receivables	2,723,994	2,722,306
Note Receivable	75,000	-
Less: Endowments	(2,992,847)	(2,970,787)
Less: Purpose-Restricted Net Assets with Donor Restrictions	<u>(7,531,272)</u>	<u>(7,265,934)</u>
Total Financial Assets Available to Meet Liquidity Needs	<u>\$ 17,977,690</u>	<u>\$ 17,404,801</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 12 NET ASSETS**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are internally designated for the following purposes as of September 30:

	2024	2023
Residential Scholarships	\$ 112,343	\$ 112,343
Operating Reserves	433,230	226,564
Capital Reserves	1,357,596	1,357,596
Strategic Reserves	1,410,662	1,410,662
Endowment Fund	661,172	671,172
Total	\$ 3,975,003	\$ 3,778,337

Funds designated for the endowment relate to investments held to secure the long-term future of Crossnore and support Crossnore and its efforts to further its mission.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at September 30:

	2024	2023
Restricted for Time:		
Loan Forgiveness	\$ 236,073	\$ 246,405
Pledges Receivable	12,035,063	10,205,876
Restricted for Purpose:		
Building Projects	1,243,622	1,238,622
Classroom Without Walls	1,012,613	1,012,613
Residential Scholarships	1,100,565	1,086,399
College Scholarships	1,944,160	1,839,282
Center for Trauma Resilient Communities	687,260	687,260
Other	1,543,052	1,401,758
Perpetual In Nature:		
Beneficial Interests in Perpetual Trusts	3,569,600	3,121,408
Residential Scholarships	407,201	407,201
College Scholarships	451,780	451,057
Athletic Equipment	293,977	293,977
Other	813,440	769,236
Total	\$ 25,338,406	\$ 22,761,094

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 12 NET ASSETS (CONTINUED)**

During the years ended September 30, 2024 and 2023, net assets were released from donor restrictions as follows:

	<u>2024</u>	<u>2023</u>
For Time:		
Pledges Receivable	\$ 3,009,738	\$ 5,178,861
Total	<u>\$ 3,009,738</u>	<u>\$ 5,178,861</u>

**Perpetual in Nature**

**Endowment Funds**

Crossnore has several endowment funds, the income of which may be expended for specific purposes. Effective October 1, 2008, Crossnore adopted the provisions of the financial accounting standard for endowments of nonprofit organizations (the UPMIFA Standard) with respect to the accounting for the corpus and income recognition on endowment funds as follows:

*Corpus:*

Endowment funds include: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. Crossnore consults with legal counsel on the interpretation of UPMIFA with regard to preserving the fair value of original gifts as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

*Income:*

Income earned on endowment funds that is not required by the donor to be added to the corpus of the endowment is classified as net assets with purpose donor restrictions until those amounts are appropriated for expenditure by Crossnore in a manner consistent with the standard of prudence prescribed in UPMIFA. Income earned on endowment funds which is expended within the same year as received is reflected as investment income without donor restrictions in the accompanying consolidated statements of activities.

Crossnore considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Crossnore and the donor-restricted endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of Crossnore
- The investment policy of Crossnore

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 12 NET ASSETS (CONTINUED)**

**Perpetual in Nature (Continued)**

*Investment Objectives and Strategies:*

Crossnore has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that Crossnore must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

To satisfy its long-term rate of return objectives, Crossnore relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Management targets a diversified asset allocation that meets Crossnore's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

*Appropriation Policy:*

Crossnore's spending policy is consistent with its objective to preserve the fair value of the original gift of the endowment assets held in perpetuity as well, as to provide additional real growth through new gifts and investment return.

*Deficiencies:*

From time to time, the fair value of the assets in endowment funds may fall below the required level stipulated by the donor. In accordance with UPMIFA Standard, deficiencies of this nature are reported in net assets without donor restrictions. If future investments do not alleviate the deficit, Crossnore may be required to contribute additional amounts to the fund. There were no deficiencies at September 30, 2024 and 2023.

The following table summarized endowment fund activity, including contributions, income earned and appropriations for the years ended September 30, 2024 and 2023:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose- Restricted	Perpetual In Nature	
Net Assets - Year Ended September 30, 2022	\$ 671,172	\$ 228,937	\$ 1,901,238	\$ 2,801,347
Contributions	-	-	10,985	10,985
Net Unrealized Gain of Securities	-	158,455	-	158,455
Net Assets - Year Ended September 30, 2023	671,172	387,392	1,912,223	2,970,787
Contributions	-	-	11,219	11,219
Distributions	(10,000)	-	-	(10,000)
Net Unrealized Gain of Securities	-	20,841	-	20,841
Net Assets - Year Ended September 30, 2024	\$ 661,172	\$ 408,233	\$ 1,923,442	\$ 2,992,847

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 FAIR VALUE MEASUREMENTS**

Crossnore uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. All assets have been valued using a market approach, except for Level 3 beneficial interest in trusts. Beneficial interests are valued based on the present value of expected future cash flows. For additional information on how Crossnore measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of Crossnore measured at fair value on a recurring basis as of September 30:

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ -	\$ 12,274,658	\$ -	\$ 12,274,658
Mutual Funds	851,092	-	-	851,092
Equity Investments	2,577,268	-	-	2,577,268
Beneficial Interest in Trusts	-	-	3,569,600	3,569,600
Total Assets at Fair Value	\$ 3,428,360	\$ 12,274,658	\$ 3,569,600	\$ 19,272,618
	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Fixed Income	\$ -	\$ 9,228,639	\$ -	\$ 9,228,639
Mutual Funds	610,073	-	-	610,073
Equity Investments	3,625,546	-	-	3,625,546
Beneficial Interests in Trusts	-	-	3,121,408	3,121,408
Total Assets at Fair Value	\$ 4,235,619	\$ 9,228,639	\$ 3,121,408	\$ 16,585,666

The investment balance reported on the statement of financial position includes money market funds of \$4,417,592 and \$3,461,177 for the years ended September 30, 2024 and 2023, respectively, which are not included in the above fair value hierarchy table.

Investments in limited liability companies are measured at cost. Investments in limited partnerships are measured at net asset value, which is based on the market value of the underlying investments. These investments are therefore excluded from the fair value tables.

The following table illustrates the activity of Level 3 assets measured at fair value on a recurring basis from September 30, 2022 to September 30, 2024:

Fair Value - September 30, 2022	\$ 3,142,500
Unrealized Loss on Investments	<u>(21,092)</u>
Fair Value - September 30, 2023	3,121,408
Unrealized Gains on Investments	<u>448,192</u>
Fair Value - September 30, 2024	<u>\$ 3,569,600</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table illustrates the significant unobservable inputs for Level 3 investments measured at fair value on a recurring basis for the years ended September 30:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2024	2023		
Beneficial Interests in Trusts	\$ 3,569,600	\$ 3,121,408	FMV of Trust Investments	Time Period of Trust

Certain alternative investments held by Crossnore calculate net asset value per share (or its equivalent). The following tables set forth additional disclosures for the fair value measurement of these investments that calculate net asset value per share for the years ended September 30, 2024 and 2023:

	September 30, 2024			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Altrock Partners Series	\$ 2,475,663	\$ -	Monthly	30 days notice
Clarkston Capital Partners Small/Mid Cap Series	1,606,717	-	Monthly	30 days notice
Select Equity Series	1,294,196	-	Monthly	30 days notice
BBH AH Series I	154,801	49,140	Long-Term	N/A
BBH Capital Partners Opportunities	80,581	183,895	Long-Term	N/A
BBH Capital Partners V-1 Sub-Trust	504,588	54,231	Long-Term	N/A
BBH Capital Partners VI-2	862,263	78,294	Long-Term	N/A
Valley Forge	1,981,574	-	Monthly	30 days notice
Martello RE	1,211,731	-	Long-Term	N/A
BBH Enhanced Value Fund I	573,559	451,872	Long-Term	N/A
BBH Credit Value Sub-Trust LP Series Offshore	2,545,800	-	Monthly	30 days notice
GQG Partners Emerging Markets Equity Series	1,624,671	-	Monthly	30 days notice
Bowie Global Equity Series	1,212,445	-	Monthly	30 days notice
Silver Point Distressed Opportunity II	31,883	475,043	Long-Term	N/A
Silver Point Distressed Opportunity Sub Trust	791,189	590,137	Long-Term	N/A
Trinity Street	1,702,425	-	Long-Term	N/A
Oaktree Opportunities Sub-Trust	559,096	129,072	Long-Term	N/A
Total	<u>\$ 19,213,182</u>	<u>\$ 2,011,684</u>		

	September 30, 2023			
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Altrock Partners Series	2,231,496	\$ -	Monthly	30 days notice
Bares Mid/Large Cap Series	812,325	-	Monthly	30 days notice
Clarkston Capital Partners Small/Mid Cap Series	1,415,288	-	Monthly	30 days notice
Select Equity Series	1,560,065	-	Monthly	30 days notice
BBH AH Series I	85,720	102,424	Long-Term	N/A
BBH Capital Partners Opportunities	116,432	-	Long-Term	N/A
BBH Capital Partners V-1 Sub-Trust	860,262	150,000	Long-Term	N/A
BBH Capital Partners VI-2	657,916	-	Long-Term	N/A
Valley Forge	2,061,105	-	Monthly	30 days notice
Martello RE	992,214	143,615	Long-Term	N/A
BBH Enhanced Value Fund I	336,406	691,006	Long-Term	N/A
Makaira Partners Series	1,413,484	-	Monthly	30 days notice
GQG Partners Emerging Markets Equity Series	1,246,976	-	Monthly	30 days notice
Barings Loan Sub-Trust	1,184,063	811,250	Long-Term	90 Business Days
Silver Point Distressed Opportunity II	-	500,000	Long-Term	N/A
Silver Point Distressed Opportunity Sub Trust	991,395	-	Long-Term	N/A
Trinity Street	1,544,212	-	Long-Term	N/A
Oaktree Opportunities Sub-Trust	610,993	-	Long-Term	N/A
Total	<u>\$ 18,120,352</u>	<u>\$ 2,398,295</u>		

Principal

**CROSSNORE COMMUNITIES FOR CHILDREN  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Liability Insurance**

Crossnore is subject to legal proceedings and claims which arise in the ordinary course of business. Crossnore maintains liability insurance coverage for claims occurring during the policy year. Occurrence-based policies need only to be in effect on the date that an accident causing damage occurs in order to trigger coverage. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for claims not covered by the policy and any other uninsured liability.

**Self-Insured Health Plan**

Crossnore maintains a health care plan for its' employees which is partially self-insured, where Crossnore accrues a reserve for self-insurance, which is classified as a current liability. As of September 30, 2024 and 2023, the balances in the reserve account were \$146,412 and \$100,180, respectively.

**NOTE 15 RELATED PARTY TRANSACTIONS**

Crossnore pays for some expenses on behalf of The Marjorie Williams Academy, such as facilities, maintenance and utilities. Crossnore charges only \$1 per year to The Marjorie Williams Academy for those amenities. Expenses for items paid for by Crossnore on behalf of The Marjorie Williams Academy totaled \$252,310 and \$241,466 for the years ended September 30, 2024 and 2023, respectively. As of the years ended September 30, 2024 and 2023, Crossnore had related party receivables totaling \$912,123 and \$938,258, respectively.

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUE**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024						2023	
	Avery Campus		Winston Campus		Hendersonville Office		Comparative Total	
	Without Donor Restrictions	With Donor Restriction	Without Donor Restrictions	With Donor Restriction	Without Donor Restrictions	With Donor Restriction		
<b>SUPPORT</b>						Total		
Contributions:								
Individuals	\$ 4,051,616	\$ 5,070,686	\$ 1,561,127	\$ -	\$ 37,172	\$ -	\$ 10,720,601	\$11,055,064
Legacies and Bequests	1,269,451	-	-	-	-	-	1,269,451	852,558
Foundations	411,329	-	-	-	-	-	411,329	520,854
Trusts	395,351	-	87,648	-	-	-	482,999	457,467
Grant Income	1,604,012	-	-	-	-	-	1,604,012	-
Special Events	(500)	-	-	-	-	-	(500)	(290)
Total Contributions	<u>7,731,259</u>	<u>5,070,686</u>	<u>1,648,775</u>	<u>-</u>	<u>37,172</u>	<u>-</u>	<u>14,487,892</u>	<u>12,885,653</u>
<b>IN-KIND SUPPORT - SALES STORE</b>	56,479	-	-	-	-	-	56,479	71,458
<b>REVENUE</b>								
Room and Board:								
Foster Care Funds	4,184,650	-	2,849,626	-	-	-	7,034,276	6,060,423
Academy Contract	110,094	-	-	-	-	-	110,094	82,425
School Food Programs	139,700	-	-	-	-	-	139,700	109,149
Relatives	25	-	4,656	-	-	-	4,681	8,899
Total Room and Board	<u>4,434,469</u>	<u>-</u>	<u>2,854,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,288,751</u>	<u>6,260,896</u>
<b>INVESTMENT INCOME</b>								
Interest and Dividends	1,218,932	-	6,250	-	-	-	1,225,182	1,724,810
Investment Fees	(98,922)	-	-	-	-	-	(98,922)	(108,367)
Investment Gains (Losses)	5,103,987	-	432,571	68,173	62,678	-	5,667,409	3,811,011
Total Investment Income	<u>6,223,997</u>	<u>-</u>	<u>438,821</u>	<u>68,173</u>	<u>62,678</u>	<u>-</u>	<u>6,793,669</u>	<u>5,427,454</u>
<b>CHANGE IN BENEFICIAL INTEREST IN TRUSTS</b>	-	-	-	448,191	-	-	448,191	(20,931)
<b>SUPPORTING BUSINESS ACTIVITIES</b>								
Blair Fraley Sales Store	208,055	-	-	-	-	-	208,055	218,692
Crossnore Weavers and Gallery	327,967	-	-	-	-	-	327,967	363,459
Miracle Grounds Coffee Shop	170,083	-	-	-	-	-	170,083	181,095
Farm Sales	-	-	3,398	-	-	-	3,398	3,907
Training Center	-	-	671,085	-	-	-	671,085	430,402
Behavioral Health:								
Mental and Medical Services	175,905	-	857,041	-	237,781	-	1,270,727	862,279
Foster Care and Adoptions	-	-	1,071,425	-	395,409	-	1,466,834	1,266,951
Total Supporting Business Activities	<u>882,010</u>	<u>-</u>	<u>2,602,949</u>	<u>-</u>	<u>633,190</u>	<u>-</u>	<u>4,118,149</u>	<u>3,326,785</u>
<b>OTHER INCOME</b>								
Rents and Royalties	138,880	-	-	-	-	-	138,880	124,725
Bridge and Family Residential	620,042	-	155,206	-	183,384	-	958,632	691,595
Other Revenue	152,739	-	269,974	-	-	-	422,713	353,588
Total Other Income	<u>911,661</u>	<u>-</u>	<u>425,180</u>	<u>-</u>	<u>183,384</u>	<u>-</u>	<u>1,520,225</u>	<u>1,169,908</u>
<b>Total Support and Revenue</b>	<u>\$ 20,239,875</u>	<u>\$ 5,070,686</u>	<u>\$ 7,970,007</u>	<u>\$ 516,364</u>	<u>\$ 916,424</u>	<u>\$ -</u>	<u>\$ 34,713,356</u>	<u>\$ 29,121,223</u>

**CROSSNORE COMMUNITIES FOR CHILDREN  
CONSOLIDATED SCHEDULE OF EXPENSES  
YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2024									2023	
	Avery Campus			Winston Campus			Hendersonville Office			Total	Comparative Total
	Program Services	Supporting Services	Other Services	Program Services	Supporting Services	Other Services	Program Services	Supporting Services	Other Services		
Salaries	\$ 4,585,743	\$ 771,477	\$ 559,663	\$ 6,346,718	\$ 1,422,587	\$ 89,566	\$ 1,036,351	\$ 138,141	\$ -	\$ 14,950,246	\$13,340,207
Payroll Taxes	360,242	58,154	42,009	495,529	100,679	7,260	80,751	10,116	-	1,154,740	1,030,095
Employee Benefits	952,114	129,060	103,494	1,254,340	251,116	17,758	242,572	24,659	-	2,975,113	2,307,702
Insurance	471,224	10,649	25,615	358,860	16,632	10,753	4,080	700	-	898,513	646,380
Supplies	128,194	10,109	17,645	91,833	20,673	2,878	14,036	3,569	-	288,937	297,026
Utilities	317,563	15,168	29,490	296,224	38,271	8,591	19,459	5,469	-	730,235	573,491
Student Special Needs	25,380	3,424	35	29,157	-	-	-	-	-	57,996	33,829
Student Scholarships	109,827	-	-	56,825	-	-	-	-	-	166,652	167,946
Student Allowances	49,996	-	-	43,846	-	-	734	-	-	94,576	100,141
Staff Expenses	44,319	21,156	2,191	148,189	84,222	621	9,624	4,903	-	315,225	467,071
Food and Beverage	542,757	8,730	4,509	290,514	12,236	469	17,100	3,043	-	879,358	779,330
First Aid	32,234	-	-	30,921	-	-	563	-	-	63,718	51,607
Recreation	114,949	87	-	70,749	108	-	2,812	32	-	188,737	151,273
Equipment Rental	16,284	46,716	-	10,361	17,195	-	46,015	47,172	-	183,743	100,182
Freight and Postage	3,786	14,721	400	1,213	14,454	-	150	5,986	-	40,710	38,524
Professional Services	44,071	124,729	-	147,567	205,028	-	7,333	3,358	-	532,086	716,476
Maintenance, Repairs, and Contract Labor	524,838	96,535	42,414	1,125,398	81,371	31,599	30,581	9,619	-	1,942,355	1,386,448
Foster Care Parent Fees	36	-	-	346,339	-	-	153,751	-	-	500,126	437,475
Advertising	9,368	72,934	-	16,922	39,893	-	1,024	28,872	-	169,013	170,143
Dues and Subscriptions	29,631	19,804	3,598	41,665	28,341	54	13,703	2,823	-	139,619	86,552
Telephone	37,306	5,244	1,347	68,634	11,211	697	18,074	1,402	-	143,915	135,979
Printing, Publishing, and Solicitation	10,679	71,151	-	3,026	41,293	22	-	27,350	-	153,521	190,332
Property Taxes	2,226	-	8,983	-	-	-	-	-	-	11,209	48,865
Auto Expense	108,934	11,071	9,488	39,679	6,574	7,158	8,554	796	-	192,254	258,418
Student Work Programs	24,920	-	-	-	-	-	-	-	-	24,920	31,928
Travel	9,884	10,295	6,612	83,959	12,581	55	12,716	4,719	-	140,821	148,673
Cost of Goods Sold	-	-	417,173	-	-	-	-	-	-	417,173	422,189
Special Programs	18,305	-	-	87,204	918	15,381	175	9	-	121,992	64,073
Bank Service Charges	229	12,794	18,285	443	10,654	-	229	-	-	42,634	53,086
Trust Management Fees	-	13,970	-	-	84,952	-	-	-	-	98,922	108,367
Interest Expense	-	-	-	-	-	-	-	-	-	-	10,062
Miscellaneous	25,934	19,073	9,053	912	30,291	-	500	10,226	-	95,989	180,238
Total Expenses Before Depreciation	8,600,973	1,547,051	1,302,004	11,487,027	2,531,280	192,862	1,720,887	332,964	-	27,715,048	24,534,108
Depreciation	1,059,262	64,082	87,231	421,668	196,103	31,796	21,141	4,275	-	1,885,558	1,714,566
Total Expenses	\$ 9,660,235	\$ 1,611,133	\$ 1,389,235	\$ 11,908,695	\$ 2,727,383	\$ 224,658	\$ 1,742,028	\$ 337,239	\$ -	\$ 29,600,606	\$ 26,248,674

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES – CROSSNORE CAMPUS**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024													2023	
	Avery Campus													Total	Comparative Total
Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Recreation	Dietary	Williams Academy/ Education	Clinic	Homebuilders	Preventive Care	Tailored Care Management	Center For Trauma Resilient Communities	Foster Care			
Salaries	\$ 2,994,768	\$ 338,471	\$ 226,429	\$ 216,864	\$ 38,329	\$ 362,232	\$ 87,018	\$ 51,124	-	-	\$ 145,242	-	\$ 125,266	\$ 4,585,743	\$ 3,839,631
Payroll Taxes	236,612	26,297	17,207	16,136	3,184	29,114	6,704	3,947	-	-	11,756	-	9,285	360,242	319,436
Employee Benefits	643,151	61,645	36,526	47,428	11,843	80,868	16,445	10,380	-	1,157	26,873	-	15,798	952,114	749,839
Insurance	451,798	5,792	2,220	1,220	266	1,604	1,340	4,734	-	-	709	-	1,541	471,224	342,193
Supplies	84,671	2,313	3,114	4,818	40	27,199	2,294	1,320	-	-	287	-	2,138	128,194	129,995
Utilities	196,182	8,650	7,369	2,900	21,061	34,063	43,973	2,495	-	-	-	-	870	317,563	269,519
Student Special Needs	24,550	830	-	-	-	-	-	-	-	-	-	-	-	25,380	12,218
Student Scholarships	109,392	435	-	-	-	-	-	-	-	-	-	-	-	109,827	167,889
Student Allowances	49,549	-	-	447	-	-	-	-	-	-	-	-	-	49,996	61,074
Staff Expenses	15,630	1,459	6,156	5,960	-	1,283	441	548	-	-	-	-	12,842	44,319	61,994
Food and Beverage	169,730	1,336	488	1,730	3,386	364,139	365	249	-	-	-	-	1,334	542,757	475,976
First Aid	32,177	47	-	-	-	-	-	10	-	-	-	-	-	32,234	22,893
Recreation	50,102	74	-	-	64,773	-	-	-	-	-	-	-	-	114,949	113,421
Equipment Rental	3,932	2,172	2,663	158	-	4,373	2,529	-	-	-	-	-	457	16,284	17,518
Freight and Postage	1,772	138	100	405	-	67	89	-	-	-	-	-	22	1,193	3,786
Professional Services	24,513	3,708	673	6,608	-	1,406	2,104	2,317	-	-	-	-	2,742	44,071	44,685
Maintenance, Repairs, and Contract Labor	308,939	50,195	28,877	19,493	538	51,180	26,569	18,669	-	84	-	-	20,294	524,838	395,265
Foster Care Parent Fees	-	-	-	-	-	-	-	-	-	-	-	-	36	36	8,361
Advertising	4,609	-	-	-	-	-	-	-	-	-	-	-	4,759	9,368	11,774
Dues and Subscriptions	5,499	6,723	3,563	2,881	-	5,129	11	2,206	-	-	-	-	3,619	29,631	14,408
Telephone	23,623	5,351	2,634	1,221	607	796	594	514	-	-	1,287	-	679	37,306	37,135
Printing, Publishing, and Solicitation	4,692	-	-	-	-	-	-	-	-	-	-	-	5,987	10,679	17,662
Property Taxes	2,226	-	-	-	-	-	-	-	-	-	-	-	-	2,226	45,270
Auto Expense	88,499	2,924	885	4,520	1,693	1,887	5,719	1,702	-	-	-	-	1,105	108,934	100,013
Student Work Programs	24,910	10	-	-	-	-	-	-	-	-	-	-	-	24,920	31,928
Travel	2,678	612	568	2,059	-	920	253	218	-	-	1,372	-	1,204	9,884	15,677
Special Programs	18,057	-	-	-	-	-	-	248	-	-	-	-	-	18,305	27,484
Bank Service Charges	-	-	229	-	-	-	-	-	-	-	-	-	-	229	638
Miscellaneous	7,952	7,701	-	-	-	-	10,199	-	-	-	-	-	82	25,934	26,832
<b>Total Expenses Before Depreciation</b>	<b>5,580,213</b>	<b>526,883</b>	<b>339,701</b>	<b>334,848</b>	<b>145,720</b>	<b>966,260</b>	<b>206,647</b>	<b>100,703</b>	<b>-</b>	<b>1,241</b>	<b>187,526</b>	<b>-</b>	<b>211,231</b>	<b>8,600,973</b>	<b>7,363,822</b>
Depreciation	787,921	27,453	8,092	12,581	38,104	120,641	45,663	14,312	-	-	-	-	4,495	1,059,262	1,050,250
<b>Total Expenses</b>	<b>\$ 6,368,134</b>	<b>\$ 554,336</b>	<b>\$ 347,793</b>	<b>\$ 347,429</b>	<b>\$ 183,824</b>	<b>\$ 1,086,901</b>	<b>\$ 252,310</b>	<b>\$ 115,015</b>	<b>\$ -</b>	<b>\$ 1,241</b>	<b>\$ 187,526</b>	<b>\$ -</b>	<b>\$ 215,726</b>	<b>\$ 9,660,235</b>	<b>\$ 8,414,072</b>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES – WINSTON CAMPUS**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024											2023	
	Winston Campus												
	Residential Living/ Cottages	Case Management	OP Therapy	Program Services Support	Foster Care	Recreation	Dietary	Center For Trauma Resilient Communities	Home Builders	Medical Clinic	Tailored Care Management	Total	Comparative Total
Salaries	\$ 1,843,818	\$ 293,307	\$ 867,120	\$ 600,393	\$ 646,766	\$ -	\$ 121,049	\$ 927,484	\$ 465,635	\$ 73,059	\$ 508,087	\$ 6,346,718	\$ 5,883,644
Payroll Taxes	145,577	23,428	66,481	46,275	50,026	-	9,342	73,231	36,122	5,647	39,400	495,529	450,271
Employee Benefits	383,169	68,192	175,566	114,127	139,939	1,106	21,261	142,935	91,472	8,689	107,884	1,254,340	981,235
Insurance	296,000	2,128	15,134	3,256	8,359	-	846	2,535	2,643	121	27,838	358,860	249,536
Supplies	43,778	493	5,244	3,683	1,981	571	10,248	20,655	1,214	832	3,134	91,833	106,069
Utilities	199,022	5,749	18,542	10,325	14,907	11,425	2,197	9,892	3,270	111	20,784	296,224	227,934
Student Special Needs	14,180	9,202	-	-	2,384	-	-	-	3,347	18	26	29,157	21,611
Student Scholarships	51,825	-	5,000	-	-	-	-	-	-	-	-	56,825	-
Student Allowances	43,846	-	-	-	-	-	-	-	-	-	-	43,846	39,067
Staff Expenses	26,323	1,353	22,826	16,775	9,324	275	862	53,934	12,370	882	3,265	148,189	167,418
Food and Beverage	83,589	449	3,074	5,038	1,778	913	134,544	56,676	2,470	181	1,802	290,514	273,792
First Aid	27,416	-	-	-	-	-	-	-	-	3,505	-	30,921	28,714
Recreation	23,993	-	140	-	-	46,616	-	-	-	-	-	70,749	37,821
Equipment Rental	2,612	11	1,724	23	2,240	-	34	3,706	-	11	-	10,361	9,767
Freight and Postage	201	460	105	53	115	-	85	145	10	39	-	1,213	1,369
Professional Services	52,133	1,223	10,212	1,752	2,320	-	1,430	2,381	987	69,129	6,000	147,567	189,195
Maintenance, Repairs, and Contract Labor	239,753	20,093	44,744	16,650	17,055	1,504	19,392	722,452	18,175	7,529	18,051	1,125,398	636,579
Foster Care Parent Fees	-	-	-	-	346,339	-	-	-	-	-	-	346,339	279,157
Advertising	118	1,576	659	-	118	-	-	14,360	91	-	-	16,922	6,659
Dues and Subscriptions	7,622	111	2,844	20,707	1,043	-	892	6,794	900	203	549	41,665	20,173
Telephone	17,773	4,573	11,190	7,545	9,321	-	1,034	3,976	4,728	1,252	7,242	68,634	63,506
Printing, Publishing, and Solicitation	57	1,569	21	14	18	-	3	1,293	-	-	51	3,026	4,129
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	85
Auto Expense	26,782	464	2,454	1,958	1,430	-	646	-	38	10	5,897	39,679	97,268
Travel	4,153	791	2,091	3,438	6,857	571	636	45,150	9,118	859	10,295	83,959	96,917
Special Programs	9,814	71,554	-	-	47	5,789	-	-	-	-	-	87,204	18,708
Bank Service Charges	-	-	329	-	-	-	-	-	-	114	-	443	503
Miscellaneous	912	-	-	-	-	-	-	-	-	-	-	912	91,609
<b>Total Expenses Before Depreciation</b>	<b>3,544,466</b>	<b>506,726</b>	<b>1,255,500</b>	<b>852,012</b>	<b>1,262,367</b>	<b>68,770</b>	<b>324,501</b>	<b>2,087,599</b>	<b>652,590</b>	<b>172,191</b>	<b>760,305</b>	<b>11,487,027</b>	<b>9,982,736</b>
Depreciation	230,860	5,301	43,776	21,927	20,695	-	12,185	1,228	5,689	796	79,211	421,668	285,114
<b>Total Expenses</b>	<b>\$ 3,775,326</b>	<b>\$ 512,027</b>	<b>\$ 1,299,276</b>	<b>\$ 873,939</b>	<b>\$ 1,283,062</b>	<b>\$ 68,770</b>	<b>\$ 336,686</b>	<b>\$ 2,088,827</b>	<b>\$ 658,279</b>	<b>\$ 172,987</b>	<b>\$ 839,516</b>	<b>\$ 11,908,695</b>	<b>\$ 10,267,850</b>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF PROGRAM SERVICES EXPENSES**  
**HENDERSONVILLE OFFICE**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024						2023	
	Hendersonville Office						Comparative	
	Foster Care	OP Therapy	Residential Living and Cottages	Tailored Care Management	Case Management	Preventive Care Management	Total	Total
Salaries	\$ 376,039	\$ 237,134	\$ 324,389	\$ 98,789	-	-	\$ 1,036,351	\$ 883,487
Payroll Taxes	28,525	18,843	25,213	8,170	-	-	80,751	69,277
Employee Benefits	82,185	62,100	66,418	28,958	-	2,911	242,572	163,718
Insurance	1,450	943	1,197	490	-	-	4,080	1,089
Supplies	3,039	704	8,373	601	-	1,319	14,036	8,123
Utilities	6,584	1,235	11,373	135	-	132	19,459	2,742
Student Allowances	-	-	734	-	-	-	734	-
Staff Expenses	2,915	4,033	1,200	241	-	1,235	9,624	9,521
Food and Beverage	1,307	373	15,020	-	-	400	17,100	2,954
First Aid	-	-	563	-	-	-	563	-
Recreation	-	-	2,812	-	-	-	2,812	-
Equipment Rental	8,274	5,341	32,400	-	-	-	46,015	9,781
Freight and Postage	58	92	-	-	-	-	150	149
Professional Services	5,766	972	595	-	-	-	7,333	12,006
Maintenance, Repairs, and Contract Labor	16,785	10,113	3,683	-	-	-	30,581	55,300
Foster Care Parent Fees	150,963	-	1,093	-	-	1,695	153,751	149,957
Advertising	512	512	-	-	-	-	1,024	139
Dues and Subscriptions	11,499	2,204	-	-	-	-	13,703	6,977
Telephone	5,731	4,988	5,212	2,143	-	-	18,074	12,200
Printing, Publishing, and Solicitation	-	-	-	-	-	-	-	1,226
Auto Expense	1,186	85	7,283	-	-	-	8,554	4,713
Travel	8,674	2,878	286	1,223	-	(345)	12,716	9,399
Special Programs	152	23	-	-	-	-	175	711
Bank Service Charges	-	229	-	-	-	-	229	319
Miscellaneous	500	-	-	-	-	-	500	29
Total Expenses Before Depreciation	712,144	352,802	507,844	140,750	-	7,347	1,720,887	1,403,817
Depreciation	615	1,487	11,076	-	4,266	3,697	21,141	16,722
Total Expenses	<u>\$ 712,759</u>	<u>\$ 354,289</u>	<u>\$ 518,920</u>	<u>\$ 140,750</u>	<u>\$ 4,266</u>	<u>\$ 11,044</u>	<u>\$ 1,742,028</u>	<u>\$ 1,420,539</u>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF SUPPORTING SERVICES EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024						2023	
	Avery Campus		Winston Campus		Hendersonville Office		Total	Comparative Total
	Administrative	Advancement	Administrative	Advancement	Administrative	Advancement		
Salaries	\$ 588,385	\$ 183,092	\$ 1,165,722	\$ 256,865	\$ -	\$ 138,141	\$ 2,332,205	\$ 2,114,677
Payroll Taxes	44,283	13,871	81,579	19,100	-	10,116	168,949	142,039
Employee Benefits	98,593	30,467	206,376	44,740	560	24,099	404,835	311,057
Insurance	9,785	864	15,582	1,050	-	700	27,981	16,598
Supplies	6,118	3,991	16,659	4,014	386	3,183	34,351	27,546
Utilities	11,579	3,589	33,085	5,186	1,174	4,295	58,908	41,768
Student Special Needs	3,424	-	-	-	-	-	3,424	-
Student Scholarships	-	-	-	-	-	-	-	57
Staff Expenses	8,509	12,647	80,981	3,241	1,064	3,839	110,281	225,413
Food and Beverage	5,479	3,251	8,383	3,853	510	2,533	24,009	22,844
Recreation	-	87	-	108	-	32	227	31
Equipment Rental	6,388	40,328	10,865	6,330	17,222	29,950	111,083	63,116
Freight and Postage	6,582	8,139	9,786	4,668	8	5,978	35,161	33,119
Professional Services	33,334	91,395	201,057	3,971	-	3,358	333,115	470,407
Maintenance, Repairs, and Contract Labor	78,605	17,930	73,577	7,794	913	8,706	187,525	228,769
Advertising	29,050	43,884	17,841	22,052	1,536	27,336	141,699	151,571
Dues and Subscriptions	15,966	3,838	25,232	3,109	-	2,823	50,968	43,439
Telephone	4,075	1,169	9,349	1,862	189	1,213	17,857	21,264
Printing, Publishing, and Solicitation	27,308	43,843	19,981	21,312	-	27,350	139,794	167,012
Auto Expense	8,406	2,665	6,019	555	177	619	18,441	35,235
Travel	5,086	5,209	9,277	3,304	538	4,181	27,595	20,983
Special Programs	-	-	909	9	-	9	927	428
Bank Service Charges	12,794	-	10,654	-	-	-	23,448	30,869
Trust Management Fees	13,970	-	84,952	-	-	-	98,922	108,367
Interest Expense	-	-	-	-	-	-	-	10,062
Miscellaneous	17,055	2,018	30,291	-	10,202	24	59,590	46,495
Total Expenses before Depreciation	<u>1,034,774</u>	<u>512,277</u>	<u>2,118,157</u>	<u>413,123</u>	<u>34,479</u>	<u>298,485</u>	<u>4,411,295</u>	<u>4,333,166</u>
Depreciation	<u>51,572</u>	<u>12,510</u>	<u>193,810</u>	<u>2,293</u>	<u>912</u>	<u>3,363</u>	<u>264,460</u>	<u>255,430</u>
Total Expenses	<u>\$ 1,086,346</u>	<u>\$ 524,787</u>	<u>\$ 2,311,967</u>	<u>\$ 415,416</u>	<u>\$ 35,391</u>	<u>\$ 301,848</u>	<u>\$ 4,675,755</u>	<u>\$ 4,588,596</u>

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**CONSOLIDATED SCHEDULE OF OTHER SERVICES EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2024						2023
	Avery Campus			Winston Campus			Comparative Total
	Blair Fraley Sales Store	Weavers and Gallery	Miracle Grounds Coffee Shop	Farm	Miracle Grounds Network	Total	
Salaries	\$ 252,569	\$ 165,755	\$ 141,339	\$ 35,404	\$ 54,162	\$ 649,229	\$ 618,768
Payroll Taxes	20,611	9,707	11,691	2,808	4,452	49,269	49,072
Employee Benefits	42,864	29,767	30,863	4,778	12,980	121,252	101,853
Insurance	858	22,284	2,473	10,522	231	36,368	36,964
Supplies	1,563	4,517	11,565	2,632	246	20,523	25,293
Utilities	15,183	4,575	9,732	8,344	247	38,081	31,528
Student Special Needs	-	-	35	-	-	35	-
Staff Expenses	711	954	526	327	294	2,812	2,725
Food and Beverage	689	3,181	639	159	310	4,978	3,764
Freight and Postage	5	386	9	-	-	400	793
Professional Services	-	-	-	-	-	-	183
Maintenance, Repairs, and Contract Labor	16,003	16,905	9,506	31,599	-	74,013	70,535
Dues and Subscriptions	1,761	1,042	795	54	-	3,652	1,555
Telephone	832	368	147	697	-	2,044	1,874
Printing, Publishing, and Solicitation	-	-	-	22	-	22	303
Property Taxes	7,261	1,722	-	-	-	8,983	3,510
Auto Expense	5,704	2,903	881	7,158	-	16,646	21,189
Travel	184	6,352	76	55	-	6,667	5,697
Cost of Goods Sold	26,737	324,545	65,891	-	-	417,173	422,189
Special Programs	-	-	-	6,402	8,979	15,381	16,742
Bank Service Charges	3,533	8,057	6,695	-	-	18,285	20,757
Miscellaneous	-	9,053	-	-	-	9,053	15,273
<b>Total Expenses Before Depreciation</b>	<b>397,068</b>	<b>612,073</b>	<b>292,863</b>	<b>110,961</b>	<b>81,901</b>	<b>1,494,866</b>	<b>1,450,567</b>
Depreciation	49,751	19,516	17,964	31,796	-	119,027	107,050
<b>Total Expenses</b>	<b>\$ 446,819</b>	<b>\$ 631,589</b>	<b>\$ 310,827</b>	<b>\$ 142,757</b>	<b>\$ 81,901</b>	<b>\$ 1,613,893</b>	<b>\$ 1,557,617</b>

**COMPLIANCE SECTION**



**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***

Board of Trustees  
Crossnore Communities for Children  
Crossnore, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Crossnore Communities for Children (the Organization), which comprise the consolidated statement of financial position as of September 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

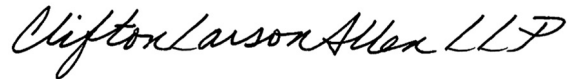
As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

***Crossnore Communities for Children’s Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 6, 2025



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

Board of Trustees  
Crossnore Communities for Children  
Crossnore, North Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Organization's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Crossnore Communities for Children's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Crossnore Communities for Children's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, and 2024-004 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Crossnore Communities for Children's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Crossnore Communities for Children's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Crossnore Communities for Children as of and for the year ended September 30, 2024, and have issued our report thereon dated March 6, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Board of Trustees  
Crossnore Communities for Children

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
March 6, 2025

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2024**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?            yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     x     yes            no

**Identification of Major Federal Programs**

**CFDA Number(s)**

93.243

**Name of Federal Program or Cluster**

Department of Health and Human Services:  
Substance Abuse and Mental Health Services  
Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

           yes     x     no

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

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***Section II – Financial Statement Findings***

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**2024-001 Financial Reporting – Year-End Close and Reporting Process**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

**Condition:** The Organization’s internal control processes and procedures did not identify and properly record material transactions during the year-end close process. Accordingly certain transactions cycles and account balances were not properly stated, requiring adjustments to correct the year-end trial balance and related schedules for the year-ended September 30, 2024. The following matters were noted:

1. The schedule of expenditures of federal awards was initially prepared based on budgeted expenditures. Additionally, management did not initially have a process to identify a detail of actual expenditures resulting in a change in the amount reported on the schedule of expenditures of federal awards.
2. Unconditional promises to give, the discount on unconditional promises to give, and contributions were overstated as of September 30, 2024. A conditional grant received during the year was incorrectly recorded as revenue prior to the grant conditions having been met. The grant has conditions that require qualified expenditures having been made prior to be entitled to revenues under the grant. Accordingly, unconditional promises to give and contributions were overstated by approximately \$1,394,000. The discount on unconditional promises to give was overstated by approximately \$144,000.

**Criteria or specific requirement:** Management should develop appropriate internal control processes and procedures over the year-end close activity. Internal control over financial reporting is a process designed by, or under the supervision of, the Organization’s principal executive and principal financial officers, or persons performing similar functions, and effected by the Organization’s board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes policies and procedures that –

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Organization.
2. Provide reasonable assurance the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Organization are being made only in accordance with authorizations of management and directors of the Organization; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Organization’s assets that could have a material effect on the financial statements.

The Financial Accounting Standards Board (FASB) 958-605-25-2 states that an entity shall recognize revenue related to a conditional promise to give when the facts and circumstances resulting in a barrier have been overcome. Revenues under the grant agreement should be recorded when qualified expenditures have been made.

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**Cause:** The Organization's internal control procedures did not function as planned during the year-end close procedures.

**Repeat Finding:** No

**Recommendation:** We recommend that management review and revise their year-end close process to include processes and procedures to properly identify expenditures of federal awards that includes a secondary review of the schedule of expenditures of federal awards and the underlying details. Additionally, management should establish processes and procedures to review grant agreements to properly identify conditions. This will help ensure year-end accruals, revenues, and expenses are properly recorded.

**Views of responsible officials:** Management has reviewed and revised the year-end close process to include processes and procedures to properly identify expenditures of federal awards that include a secondary review of the schedule of expenditures of federal awards and the underlying details. Management has established processes and procedures to review grant agreements to properly identify conditions.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2024-002**

**Federal Agency:** Department of Health and Human Services

**Federal Program Name:** Substance Abuse and Mental Health Services Projects of Regional and National Significance

**Assistance Listing Number:** 93.243

**Federal Award Identification Number and Year:** 1H79SM087513-01 - 2024

**Award Period:** September 30, 2023 through September 29, 2027

**Type of Finding:**

- Significant Deficiency in Internal Control over Compliance and Other Matters

**Criteria or specific requirement:** Under 2 CRF 200.406, credits accruing to or received by the recipient of federal funding that relate to allowable costs must be credited to the Federal award as either a cost reduction or cash refund.

**Condition:** During our testing, we noted the Organization received reimbursement for the full amount of an expenditure, which included sales tax which they received a reimbursement for from the State.

**Questioned costs:** None

**Context:** During our testing of 29 samples, we noted 1 item for a \$96 expenditure that incorrectly charged sales tax of \$6.30 to the grant. Extrapolated to the entire population, an estimated \$8.86 of expenditures would be incorrectly applied to the grant. Management has asserted this is the only instance of this issue.

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**Cause:** The Organization did not have adequate internal controls designed to properly determine the appropriate amounts to be submitted for reimbursement.

**Effect:** Noncompliance with the federal requirements around the determination of an eligible expenditure.

**Recommendation:** We recommend the Organization review the expenditures submitted to SAMHSA and ensure that there is no "double dipping" of sales taxes.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2024-003**

**Federal Agency:** Department of Health and Human Services

**Federal Program Name:** Substance Abuse and Mental Health Services Projects of Regional and National Significance

**Assistance Listing Number:** 93.243

**Federal Award Identification Number and Year:** 1H79SM087513-01 - 2024

**Award Period:** September 30, 2023 through September 29, 2027

**Type of Finding:**

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** According to the grant agreement and 2 CFR 200.430(g), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. In additions, according to 2 CFR 200.430(g)(1)(vii), budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that the system for establishing the estimates produces reasonable approximations of activity performed, significant changes in work activity are promptly identified and entered into the records, and the recipient's system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a Federal awards based on budget estimates. All necessary adjustments must be made so that the final amount charges to the Federal award is accurate, allowable, and properly allocated.

**Condition:** During our review of the grant expenditures, it was noted that budgeted amounts were charged to the grant instead of the actual costs incurred. This practice was observed in multiple instances, leading to discrepancies between the reported expenditures and the actual costs. Management did not review time and effort to make after-the-fact adjustments to the amounts charged to the grant.

**Questioned costs:** None

**Context:** The Organization had generally spent more than was funded for salaries and benefits under federal grants or would have expenses that would not be reimbursable under the program. Due to the actual salary amount expended exceeded the total grant budgeted amount, the Organization only charged the monthly budgeted amount instead of the actual amount expended.

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**Cause:** The incorrect charging of budgeted amounts instead of actual costs appears to be due to a lack of proper oversight and understanding of the grant requirements by the personnel responsible for financial reporting and grant management.

**Effect:** Charging budgeted amounts instead of actual costs can result in non-compliance with grant requirements, potential disallowance of costs, and inaccurate financial reporting. This could also lead to financial penalties and affect the organization's ability to secure future funding.

**Recommendation:** We recommend that the Organization establish a review process to ensure that all costs charged to the grant are based on actual expenditures and are properly documented.

**Views of responsible officials:** There is no disagreement with the audit finding.

**2024-004**

**Federal Agency:** Department of Health and Human Services

**Federal Program Name:** Substance Abuse and Mental Health Services Projects of Regional and National Significance

**Assistance Listing Number:** 93.243

**Federal Award Identification Number and Year:** 1H79SM087513-01 - 2024

**Award Period:** September 30, 2023 through September 29, 2027

**Type of Finding:**

- Other Matters

**Criteria or specific requirement:** According to 2 CFR 200.318, non-federal entities must have and use documented procurement procedures that reflect applicable state and local laws and regulations, and conform to federal law and the standards identified in 2 CFR 200.318 through 2 CFR 200.327.

**Condition:** During our review of the organization's procurement processes, it was noted that the organization does not have a procurement policy that complies with federal requirements. Specifically, the policy does not address key elements such as competition, cost or price analysis, and documentation requirements as outlined in federal regulations.

**Questioned costs:** None

**Context:** Policies exist, but do not meet requirements. There are no requirements to retain documentation related to comparison or analysis prior to purchase or procurement.

**Cause:** The absence of a compliant procurement policy appears to be due to a lack of awareness of the specific federal requirements and the absence of a formal process to review and update organizational policies to ensure compliance.

**Effect:** Without a procurement policy that complies with federal requirements, the organization is at risk of non-compliance with grant conditions, which could lead to questioned costs, potential disallowance of expenditures, and jeopardize future funding opportunities.

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2024**

**Recommendation:** We recommend that the Organization develop and implement a procurement policy that complies with federal requirements, including provisions for competition, cost or price analysis, and proper documentation.

**Views of responsible officials:** There is no disagreement with the audit finding.

**CROSSNORE COMMUNITIES FOR CHILDREN  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture Direct Programs:				
Commodity Supplemental Food Program				
Administrative Funding - School Breakfast Program	10.553	N/A	\$ -	\$ 45,517
Administrative Funding - National School Lunch Program	10.555	N/A	-	78,432
Commodities - National School Lunch Program	10.555	N/A	-	4,964
Total Department of Agriculture Direct Programs			-	128,913
Department of Health and Human Services:				
Substance Abuse and Mental Health Services				
Projects of Regional and National Significance	93.243	1H79SM087513-01	520,927	986,935
Total Department of Health and Human Services			520,927	986,935
Total Expenditures of Federal Awards			\$ 520,927	\$ 1,115,848

**CROSSNORE COMMUNITIES FOR CHILDREN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the Schedule) include the federal and state grant activity of Crossnore Communities for Children (the Organization) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from certain financial reports submitted to federal, state, or city agencies due to those reports being submitted on either a cash or modified accrual basis of accounting. Because the accompanying 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 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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