

**CRISS CROSS, INC.**

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**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

**\*\*\*\*\***

**FOR THE YEAR ENDED  
DECEMBER 31, 2010**

**DHHR - Finance**  
**MAR 16 2012**  
**Date Received**

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**Tetrick & Bartlett, PLLC**  
Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Criss Cross, Inc.  
Clarksburg, West Virginia

We have audited the accompanying statement of financial position of Criss Cross, Inc. (a nonprofit organization) as of December 31, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Criss Cross, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2011, on our consideration of Criss Cross, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state grant receipts and disbursements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
May 25, 2011

DHHR - Finance

MAR 16 2012

Date Received

**CRISS CROSS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 183,945
Restricted cash	1,391,716
Accounts receivable	1,655
Prepaid expenses	5,414
Investments	<u>11,769</u> \$ 1,594,499
Capital assets, net	<u>28,511</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,623,010</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 3,701
Accrued expenses	6,850
Employee deposits	575
Client deposits	1,390,952
Obligations under capital lease, current portion	<u>2,892</u> \$ 1,404,970
Obligations under capital lease, net of current portion	5,412
<b>Net Assets</b>	
Temporarily restricted	432
Unrestricted	<u>212,196</u> <u>212,628</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,623,010</u></b>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CRISS CROSS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>Public Support</b>			
Contributions	\$ 31,874	\$ -	\$ 31,874
Donated services	15,775	-	15,775
Grants	39,584	-	39,584
United Way allocations:			
Harrison County	48,500	-	48,500
Marion County	1,650	-	1,650
Monongalia County	<u>2,420</u>	<u>-</u>	<u>2,420</u>
Total public support	<u>139,803</u>	<u>-</u>	<u>139,803</u>
<b>Revenues</b>			
Program service fees	351,344	-	351,344
Federal and state grants:			
Department of Housing and Urban Development	15,543	-	15,543
Federal Emergency Management Agency	-	8,225	8,225
Department of Health and Human Services	-	344,205	344,205
Fundraising income	10,391	-	10,391
Interest income	1,857	-	1,857
Gain (loss) on disposition of assets	(877)	-	(877)
Miscellaneous income	<u>3,186</u>	<u>-</u>	<u>3,186</u>
Total revenues	<u>381,444</u>	<u>352,430</u>	<u>733,874</u>
Net assets released from restrictions	<u>352,568</u>	<u>(352,568)</u>	<u>-</u>
Total public support and revenues	<u>873,815</u>	<u>(138)</u>	<u>873,677</u>

**CRISS CROSS, INC.**  
**STATEMENT OF ACTIVITIES (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Expenses</b>			
Program services:			
Information and referral	\$ 83,070	\$ -	\$ 83,070
Consumer credit counseling services	183,442	-	183,442
Representative payee program	253,118	-	253,118
Hotline	355,571	-	355,571
FEMA	8,225	-	8,225
Other	<u>23,909</u>	<u>-</u>	<u>23,909</u>
Total program services	<u>907,335</u>	<u>-</u>	<u>907,335</u>
 Change in net assets	 (33,520)	 (138)	 (33,658)
 Beginning net assets, restated	 <u>245,716</u>	 <u>570</u>	 <u>246,286</u>
 Ending net assets	 <u>\$ 212,196</u>	 <u>\$ 432</u>	 <u>\$ 212,628</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CRISS CROSS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>							
	<u>Consumer</u>	<u>Information</u>	<u>Counseling</u>	<u>Representative</u>	<u>Hotline</u>	<u>FEMA</u>	<u>Other</u>	<u>Total</u>
	<u>and Referral</u>	<u>Services</u>	<u>Payee Program</u>	<u>Payee Program</u>	<u>Payee Program</u>	<u>Payee Program</u>	<u>Payee Program</u>	<u>Payee Program</u>
Salaries and fringe benefits	\$ 43,488	\$ 81,865	\$ 164,900	\$ 307,345	\$ -	\$ 6,892	\$ 604,490	
Contract services	7,191	47,546	18,560	10,413	-	925	84,635	
Occupancy	8,904	15,301	20,068	16,986	-	-	61,259	
Telephone	5,223	9,184	8,596	4,290	-	-	27,293	
Insurance	1,693	3,964	4,929	1,693	-	-	12,279	
Direct aid to individuals	3,332	-	-	-	8,225	15,570	27,127	
Supplies	1,941	2,982	6,440	5,464	-	373	17,200	
Travel and training	212	5,711	7,121	2,964	-	42	16,050	
Office expenses	2,853	7,821	15,668	2,025	-	107	28,474	
Advertising	352	5,583	2,459	2,074	-	-	10,468	
Fundraising	5,644	-	-	-	-	-	5,644	
Depreciation	2,237	3,441	4,377	2,317	-	-	12,372	
Miscellaneous	-	44	-	-	-	-	44	
<b>Total functional expenses</b>	<b>\$ 83,070</b>	<b>\$ 183,442</b>	<b>\$ 253,118</b>	<b>\$ 355,571</b>	<b>\$ 8,225</b>	<b>\$ 23,909</b>	<b>\$ 907,335</b>	

The accompanying independent auditor's report and notes are integral parts of this statement.



**CRISS CROSS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ (33,658)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	12,372
(Increase) decrease in:	
Accounts receivable	752
Prepaid expenses	(3,337)
Increase (decrease) in:	
Accounts payable	72
Accrued expenses	6,002
Employee deposits	210
Client deposits	128,596
(Gain) loss on disposal of assets	877
(Gain) loss on investments	(555)
Net cash provided by (used in) operating activities	<u>111,331</u>
 <b>Cash Flows From Investing Activities</b>	
Acquisition of capital assets	(6,995)
Payments on capital lease	<u>(3,156)</u>
Net cash provided by (used in) investing activities	<u>(10,151)</u>
 Net increase in cash and cash equivalents	101,180
 Cash and cash equivalents, beginning of year	<u>1,474,481</u>
 Cash and cash equivalents, end of year	<u>\$ 1,575,661</u>

**CRISS CROSS, INC.**  
**STATEMENT OF CASH FLOWS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Cash as reported on the Statement of Financial Position**

Cash and cash equivalents	\$ 183,945
Restricted cash	<u>1,391,716</u>
Cash and cash equivalents, end of year	<u>\$ 1,575,661</u>

**Supplemental Disclosures**

Non-cash operating activities

Donated services revenue	<u>\$ 15,775</u>
Professional services expense	<u>\$ (15,775)</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**(a) Organization and Nature of Operations**

Criss Cross, Inc. (the Organization) provides a variety of social services to needy residents throughout the State of West Virginia. Those services include representative payee services that are provided to individuals who need assistance managing their personal finances, consumer credit counseling services for individuals who need assistance understanding their responsibilities with respect to the repayment of their debts, a twenty-four hour adult and child abuse hotline, and information and referral services for individuals who need assistance obtaining emergency resources with respect to food, clothing, shelter, and certain medical needs.

**(b) Basis of Accounting and Reporting**

The financial statements of the Organization are prepared on the accrual basis of accounting and accordingly reflect all receivables, payables and other accruals.

**(c) Basis of Presentation**

The financial statements are prepared in accordance with the recommendations of FASB Codification (ASC) 958-205, "Presentation of Financial Statements". Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**(d) Estimates**

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

**(e) Income Tax Exemption**

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

**(f) Donated Services**

Donated services are recognized as contributions in accordance with FASB Codification (ASC) 958-605, "Revenue Recognition", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the year ended December 31, 2010, the Organization recognized \$15,775 in donated legal and accounting services.

The accompanying independent auditor's report is an integral part of these notes.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers cash to be cash and cash equivalents. Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents.

Investment risk is categorized as follows:

**Interest rate risk** – The risk that changes in interest rates will adversely affect the fair value of an investment.

**Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Custodial credit risk** – The risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**(h) Accounts Receivable**

Uncollectible receivables are eliminated in the fiscal period that the receivables are actually determined to be uncollectible. Management has indicated that the accounts receivable, as shown in the accompanying financial statements will be collected in full.

**(i) Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**(j) Capital Assets**

Capital assets are recorded at cost with depreciation being calculated by the straight line method over the estimated useful lives of the assets as follows:

Equipment	3-7 years
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The accompanying independent auditor's report is an integral part of these notes.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**(k) Functional Allocation of Expenses**

The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. Deposits and Investments**

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at December 31, 2010. The categories are described as follows:

**Category 1** - Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

**Category 2** - Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

**Category 3** - Uncollateralized.

	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash	\$ 193,961	\$ 95,926	\$ 98,035	\$ -	\$ 183,945
Restricted cash	<u>1,439,243</u>	<u>271,211</u>	<u>1,168,032</u>	<u>-</u>	<u>1,391,716</u>
	<u>\$ 1,633,204</u>	<u>\$ 367,137</u>	<u>\$ 1,266,067</u>	<u>\$ -</u>	<u>\$ 1,575,661</u>

**Investments**

Investments at December 31, 2010 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Cash and equivalents	\$ 1,359	\$ 1,359
Corporate stocks	<u>10,000</u>	<u>10,410</u>
	<u>\$ 11,359</u>	<u>\$ 11,769</u>

The accompanying independent auditor's report is an integral part of these notes.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTD)**

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable Assets				
Equipment	\$ 161,901	\$ 6,995	\$ 71,487	\$ 97,409
Leasehold improvements	<u>7,506</u>	<u>-</u>	<u>7,506</u>	<u>-</u>
Total assets at historical cost	<u>169,407</u>	<u>6,995</u>	<u>78,993</u>	<u>97,409</u>
Less: Accumulated depreciation				
Equipment	127,139	12,372	70,613	68,898
Leasehold improvements	<u>7,506</u>	<u>-</u>	<u>7,506</u>	<u>-</u>
Total accumulated depreciation	<u>134,645</u>	<u>12,372</u>	<u>78,119</u>	<u>68,898</u>
Capital assets, net	<u>\$ 34,762</u>	<u>\$ (5,377)</u>	<u>\$ 874</u>	<u>\$ 28,511</u>

**4. Client Accounts**

Amounts included in Client deposits represent amounts held in trust from clients for payment of their bills, etc. These amounts are to be used for this purpose only.

**5. Lease Commitments**

**Operating Leases**

The Organization leases its current office space in Clarksburg, West Virginia on an annual basis at a cost of \$4,500 per month. The lease is for a period of seven years beginning June 2008. The Organization also leases office space in Morgantown, West Virginia on an annual basis at a cost of \$225 per month. Total rent expense for the year ended December 31, 2010 was \$56,245.

The Organization also leases parking space for its employees on a month to month basis. The total cost of these spaces varies each month as the need for parking varies. The total cost for parking for the year ended December 31, 2010 was \$3,447.

The accompanying independent auditor's report is an integral part of these notes.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**Obligations Under Capital Leases**

The Organization has leased a copier under a capital lease that requires monthly payments of \$241. The lease is dated November 24, 2008 and requires a total of 60 equal monthly payments. The remaining future minimum lease payments as of December 31, 2010 are as follows:

<u>Year Ended December 31,</u>	
2011	\$ 2,892
2012	2,892
2013	<u>2,520</u>
	<u>\$ 8,304</u>

**6. Advertising Costs**

The Organization expenses advertising costs as incurred. These costs amounted to \$10,468 for the year ended December 31, 2010.

**7. Employee Benefit Plan**

The Organization maintains a simple 401(k) defined contribution retirement plan, covering all full-time employees with at least one year of service who agree to make deferral contributions to the Plan. The Organization matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Total expense for the year ended December 31, 2010 was \$6,626.

**8. Fair Value Exposure**

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

The accompanying independent auditor's report is an integral part of these notes.

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- i. Quoted prices for similar assets or liabilities in active markets;
- ii. Quoted prices for identical or similar assets or liabilities in inactive markets;
- iii. Inputs other than quoted prices that are observable for the asset or liability;
- iv. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010.

Corporate Stock: Valued at quoted prices and other relevant information generated by market transactions.

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

The accompanying independent auditor's report is an integral part of these notes.



**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

The following table sets forth by level, within the fair value hierarchy, the Organization's financial assets at fair value on a recurring basis as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Stock	\$ 10,410	\$ -	\$ -	\$ 10,410
Total Assets at Fair Value	\$ 10,410	\$ -	\$ -	\$ 10,410

**9. Contingencies**

The Organization receives a majority of its support from grants and contributions. Any significant reduction in the level of support from these grantors and contributors could have a material effect on the Organization's programs and activities.

**10. Prior Period Adjustments**

It was determined during our audit that net assets required restatement as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Beginning balance, as previously stated	\$ 229,639	\$ (908)	\$ 228,731
Adjustment for overstatement of accrued expenses	12,208	-	12,208
Adjustment for understatement of accrued expenses	-	(1,049)	(1,049)
Adjustment for overstatement of accounts payable	3,647	2,749	6,396
Adjustment to correct misclassification of the use of temporarily restricted assets in a prior period	<u>222</u>	<u>(222)</u>	<u>-</u>
Beginning balance, as restated	<u>\$ 245,716</u>	<u>\$ 570</u>	<u>\$ 246,286</u>

The accompanying independent auditor's report is an integral part of these notes

**CRISS CROSS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**11. Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Solid Waste Authority - Tap Fund	\$ <u>432</u>
Total temporarily restricted net assets	\$ <u>432</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

Hotline Program	\$ 344,205
FEMA Program	8,225
Solid Waste Authority - Tap Fund	<u>138</u>
Total restrictions released	\$ <u>352,568</u>

**12. Subsequent Events**

The Organization is currently investigating a potential merger with another organization within the state of West Virginia. This organization offers similar services to its clients, including consumer credit counseling and representative payee services. Once complete, the merger will allow the Organization to offers its services on a statewide basis.

Management has considered all subsequent events through May 25, 2011, the date the financial statements were made available.

The accompanying independent auditor's report is an integral part of these notes.



**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**

The Board of Directors  
Criss Cross, Inc.  
Clarksburg, West Virginia

We have audited the financial statements of Criss Cross, Inc. as of and for the year ended December 31, 2010, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated May 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Criss Cross, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Criss Cross, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Criss Cross, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described as items #10-01 and #10-02 in the accompanying schedule of findings and responses to be material weaknesses.

### Compliance and Other Matters

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

Criss Cross, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Criss Cross, Inc.'s responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of Criss Cross, Inc. in a separate letter dated May 25, 2011.

This report is intended solely for the information and use of the Board of Directors of the Criss Cross, Inc. and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Tetrick & Bartlett  
May 25, 2011 PLLC

**CRISS CROSS, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**#10-01 Segregation of Duties**

**Criteria:** Responsibilities of approval, execution, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

**Condition:** Analysis of the internal control system indicated a lack of segregation of duties.

**Cause:** The Organization has a limited number of employees who are responsible for the approval, execution, recording and custody associated with all financial transactions. This limits the degree to which these responsibilities can be segregated.

**Effect:** Because of the lack of segregation of duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** Responsibilities of approval, executing, recording and custody associated with all financial transactions should be distributed among the accounting staff to the highest degree possible.

**Entity's Response:** To the extent possible, the Organization has segregated the responsibilities of approval, execution, recording and custody associated with all financial transactions. Any further segregation of duties would not be economically feasible.

**#10-02 Completeness of Financial Records**

**Criteria:** Internal controls should be implemented to ensure that all financial transactions are properly recorded in the entity's financial records. This must be accomplished to enable the entity to prepare complete and accurate financial statements.

**Condition:** Analysis of the financial records indicated a failure to record all financial transactions and account balances during the fiscal year. More specifically, it was noted that while the fiduciary accounts for clients who receive Veterans Administration benefits were reconciled each month, the balance of these accounts were not recorded in the accounting system.

**Cause:** Internal controls required to ensure that all financial transactions are recorded in the entity's financial records have not been implemented.

**CRISS CROSS, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Effect:** Because of the failure to implement the necessary internal controls, the entity cannot reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** The entity should implement the internal controls necessary to ensure that all financial transactions and account balances are properly recorded in the entity's financial records.

**Entity's Response:** We recognize the need to properly record all financial transactions and we understand the importance of internal controls in the preparation of financial statements. We have taken the steps necessary to implement the internal controls needed to ensure that our financial records are complete and accurate.

**CRISS CROSS, INC.**  
**SCHEDULE OF STATE GRANT RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	West Virginia Department of Health and Human <u>Resources</u>
<b>Grant Receipts</b>	<u>\$ 344,205</u>
<b>Grant Disbursements</b>	
Personnel	247,549
Fringe Benefits	59,743
Materials and Supplies	5,782
Professional services	13,986
Other	<u>17,145</u>
Total disbursements	<u>344,205</u>
<b>Excess disbursements over receipts</b>	<u><u>\$ -</u></u>

The accompanying independent auditor's report and notes are integral parts of this schedule.



**Tetrick & Bartlett, PLLC**  
Certified Public Accountants  
Consultants

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May 25, 2011

Criss Cross, Inc.  
209 West Pike Street, Suite B  
Clarksburg, West Virginia 26301

In planning and performing our audit of the financial statements of Criss Cross, Inc. as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Criss Cross, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated May 25, 2011, contains our report on significant deficiencies or material weaknesses in the Organization's internal control. This letter does not affect our report dated May 25, 2011, on the financial statements of Criss Cross, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Tetrick & Bartlett,*  
Tetrick & Bartlett, PLLC *PLLC*



## MEMORANDUM

### Authorized Signatures

It was noted during our audit that the current policy for cash disbursements requires only a single signature on checks written for amounts less than \$1,000. This policy amplifies the opportunity for the misappropriation of the Organization's assets. As with any organization, there is an inherent risk associated with authorizing employees to disburse the organization's funds. However, this risk can be significantly reduced by requiring at least two individuals to approve all disbursements prior to their execution. We recommend that the Organization implement procedures that would place the responsibility of approving disbursements with more than a single individual.

### Bank Reconciliations

It was noted during our audit that the reconciliation of the main representative payee account at year end included outstanding items that were more than six months old. We recommend that the Organization review these outstanding items to determine which items should be voided and, if necessary, re-issued.

We also noted that the monthly reconciliations of the main representative payee account were not reconciled to the *Paragon Financial* software which is used as the primary tool for tracking all client receipts and disbursements. More specifically, the list of outstanding checks and the client balance report generated from the *Paragon Financial* software did not agree to the same information as included in the monthly bank reconciliations. If the *Paragon Financial* software is to be used to maintain all fiduciary accounts, it is imperative that it can be reconciled to the balances in the relevant bank accounts. We recommend that the information contained in the *Paragon Financial* software be included in all bank reconciliations of the relevant bank accounts.

### Credit Card Receipts

It was noted during our audit that not all supporting documentation was maintained for credit card purchases. More specifically, it was noted in a test of three monthly credit card statements, invoices/receipts could not be provided for three transactions, all of which took place in the same month. While this test did not reveal anything that would reasonably be considered suspicious, the inherent risks associated with the use of credit cards can only be sufficiently addressed by requiring all transactions be supported by invoices/receipts. We recommend that the Organization take the steps necessary to require all credit card transactions be supported by the appropriate documentation.

## CRISS-CROSS, INC.

*Linking People with Resources*

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CONSUMER CREDIT COUNSELING (304) 623-0921  
REPRESENTATIVE PAYEE (304) 624-4966  
WV CHILD/ADULT ABUSE HOTLINE (800) 352-6513

June 8, 2011

Prepared by Zack Dobbins, CPA

RE: Responses to Management Letter

**Concern:** Authorized Signatures

**Response:** The board is considering lowering the threshold from \$1,000 and below for one signature on checks to \$500 and below.

**Concern:** Bank Reconciliations

**Response:** The executive director works on a daily basis to make sure checks are clearing to clients. Also the organization is currently exporting the information from Paragon Financial to QuickBooks for reconciliations.

**Concern:** Credit Card Receipts

**Response:** This occurred in one month and has been corrected since

If you should have any questions feel free to contact me at 304-366-4295.

