

CRISS CROSS, INC.

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2011

DHHR - Finance

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Date Received

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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, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. 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 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, 2011, 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 29, 2012, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 schedule of state grant receipts and disbursements is fairly stated in all material respects in relation to the financial statements as a whole.

Tetrick & Bartlett, PLLC

May 29, 2012

CRISS CROSS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 227,465	
Restricted cash	1,776,078	
Accounts receivable	945	
Grant receivable	8,525	
Investments	<u>12,024</u>	\$ 2,025,037
Capital assets, net		<u>27,880</u>
TOTAL ASSETS		<u>\$ 2,052,917</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,090	
Accrued expenses	5,884	
Employee deposits	280	
Client deposits	1,775,364	
Deferred revenue	49,112	
Obligations under capital lease, current portion	<u>5,246</u>	\$ 1,840,976
Obligations under capital lease, net of current portion		6,519
Net Assets		
Temporarily restricted	432	
Unrestricted	<u>204,990</u>	<u>205,422</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,052,917</u>

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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support			
Contributions	\$ 20,766	\$ -	\$ 20,766
Donated services	14,066	-	14,066
Grants	33,650	-	33,650
United Way allocations:			
Harrison County	51,055	-	51,055
Marion County	2,370	-	2,370
Monongalia County	2,985	-	2,985
Total public support	<u>124,892</u>	<u>-</u>	<u>124,892</u>
Revenues			
Program service fees	367,519	-	367,519
Federal and state grants:			
Department of Housing and Urban Development	22,832	-	22,832
Federal Emergency Management Agency	-	9,571	9,571
Department of Health and Human Services	-	373,321	373,321
Fundraising income	1,635	-	1,635
Interest income	644	-	644
Gain (loss) on disposition of assets	(1,826)	-	(1,826)
Gain (loss) on investments	256	-	256
Miscellaneous income	4,313	-	4,313
Total revenues	<u>395,373</u>	<u>382,892</u>	<u>778,265</u>
Net assets released from restrictions	<u>382,892</u>	<u>(382,892)</u>	<u>-</u>
Total public support and revenues	<u>903,157</u>	<u>-</u>	<u>903,157</u>

CRISS CROSS, INC.
STATEMENT OF ACTIVITIES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses			
Program services:			
Information and referral	\$ 96,765	\$ -	\$ 96,765
Consumer credit counseling services	152,282	-	152,282
Representative payee program	272,624	-	272,624
Hotline	378,814	-	378,814
FEMA	9,571	-	9,571
Other	5,316	-	5,316
Total program services	<u>915,372</u>	<u>-</u>	<u>915,372</u>
Change in net assets	(12,215)	-	(12,215)
Beginning net assets, restated	<u>217,205</u>	<u>432</u>	<u>217,637</u>
Ending net assets	<u>\$ 204,990</u>	<u>\$ 432</u>	<u>\$ 205,422</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, 2011

	<u>Program Services</u>							<u>Total</u>
	<u>Information and Referral</u>	<u>Consumer Credit Counseling Services</u>	<u>Representative Payee Program</u>	<u>Hotline</u>	<u>FEMA</u>	<u>Other</u>		
Salaries and fringe benefits	\$ 51,200	\$ 64,971	\$ 173,657	\$ 334,733	\$ -	\$ 4,214	\$ 628,775	
Contract services	8,672	36,885	32,803	9,819	-	-	88,179	
Occupancy	8,621	14,431	21,178	15,871	-	-	60,101	
Telephone	6,014	7,817	8,717	6,050	-	-	28,598	
Insurance	2,594	4,820	4,034	2,593	-	-	14,041	
Direct aid to individuals	13,461	-	-	-	9,571	-	23,032	
Supplies	1,201	3,154	5,503	4,186	-	483	14,527	
Travel and training	231	5,551	2,765	1,875	-	42	10,464	
Office expenses	1,476	6,296	16,639	330	-	469	25,210	
Advertising	907	5,065	3,138	1,142	-	-	10,252	
Fundraising	47	-	-	-	-	-	47	
Depreciation	2,141	3,292	4,190	2,215	-	-	11,838	
Miscellaneous	200	-	-	-	-	108	308	
Total functional expenses	\$ 96,765	\$ 152,282	\$ 272,624	\$ 378,814	\$ 9,571	\$ 5,316	\$ 915,372	

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, 2011

Cash Flows From Operating Activities	\$ (12,215)
Change in net assets	
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	11,838
(Increase) decrease in:	
Accounts receivable	3,035
Grant receivable	(8,525)
Prepaid expenses	5,414
Increase (decrease) in:	
Accounts payable	1,389
Accrued expenses	(966)
Employee deposits	(295)
Client deposits	387,097
Deferred revenue	49,112
(Gain) loss on disposal of assets	1,826
(Gain) loss on investments	(256)
Net cash provided by (used in) operating activities	<u>437,454</u>
 Cash Flows From Investing Activities	 (13,033)
Acquisition of capital assets	11,964
Increase in capital leases	(8,503)
Payments on capital lease	<u>(9,572)</u>
Net cash provided by (used in) investing activities	<u>427,882</u>
 Net increase in cash and cash equivalents	 1,575,661
Cash and cash equivalents, beginning of year	<u>1,575,661</u>
Cash and cash equivalents, end of year	<u>\$ 2,003,543</u>
 Cash as reported on the Statement of Financial Position	 \$ 227,465
Cash and cash equivalents	1,776,078
Restricted cash	<u>2,003,543</u>
Cash and cash equivalents, end of year	<u>\$ 2,003,543</u>

CRISS CROSS, INC.
STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2011

Supplemental Disclosures

Non-cash operating activities

 Donated services revenue

\$ 14,066

 Professional services expense

\$ 14,066

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, 2011, the Organization recognized \$14,066 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

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, 2011. 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</u> <u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>
Cash	\$ 226,443	\$ 226,443	\$ -	\$ -	\$ 227,465
Restricted cash	1,858,652	250,946	1,607,706	-	1,776,078
	<u>\$ 2,085,095</u>	<u>\$ 477,389</u>	<u>\$ 1,607,706</u>	<u>\$ -</u>	<u>\$ 2,003,543</u>

Investments

Investments at December 31, 2011 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Cash and equivalents	\$ 1,600	\$ 1,600
Corporate bond	<u>10,000</u>	<u>10,424</u>
	<u>\$ 11,600</u>	<u>\$ 12,024</u>

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

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

3. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable Assets				
Equipment	\$ 97,409	\$ 13,033	\$ 9,430	\$ 101,012
Total assets at historical cost	<u>97,409</u>	<u>13,033</u>	<u>9,430</u>	<u>101,012</u>
Less: Accumulated depreciation				
Equipment	<u>68,898</u>	<u>11,838</u>	<u>7,604</u>	<u>73,132</u>
Total accumulated depreciation	<u>68,898</u>	<u>11,838</u>	<u>7,604</u>	<u>73,132</u>
Capital assets, net	<u>\$ 28,511</u>	<u>\$ 1,195</u>	<u>\$ 1,826</u>	<u>\$ 27,880</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, 2011 was \$56,700.

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, 2011 was \$2,500.

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, 2011 are as follows:

<u>Year Ended December 31,</u>	
2012	2,892
2013	<u>2,375</u>
	<u>\$ 5,267</u>

The Organization has leased phone equipment under a capital lease that requires monthly payments of \$196. The lease is dated July 27, 2011 and requires a total of 36 equal monthly payments. The remaining future minimum lease payments as of December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	
2012	2,354
2013	2,354
2014	<u>1,790</u>
	<u>\$ 6,498</u>

6. Advertising Costs

The Organization expenses advertising costs as incurred. These costs amounted to \$10,252 for the year ended December 31, 2011.

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

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

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, 2011 was \$5,915.

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:

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

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

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, 2011.

Corporate Bond: 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 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, 2011:

	Level 1	Level 2	Level 3	Total
Corporate Bond	\$ <u>10,424</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,424</u>
Total Assets at Fair Value	\$ <u>10,424</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,424</u>

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.

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

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

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	\$ 212,196	\$ 432	\$ 212,628
Adjustment for overstatement of accrued expenses	2,684	-	2,684
Adjustment for understatement of accounts receivable	<u>2,325</u>	<u>-</u>	<u>2,325</u>
Beginning balance, as restated	<u>\$ 217,205</u>	<u>\$ 432</u>	<u>\$ 217,637</u>

11. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Solid Waste Authority - Tap Fund	\$ 432
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	\$ 373,321
FEMA Program	<u>9,571</u>
Total restrictions released	<u>\$ 382,892</u>

12. Subsequent Events

Management has considered all subsequent events through May 29, 2012, 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. (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 29, 2012. 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

Management of Criss Cross, Inc. is responsible for establishing and maintaining effective 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 opinion 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 deficiency described as item #11-01 in the accompanying schedule of findings and responses to be a material weakness.

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*.

We noted certain matters that we reported to management of Criss Cross, Inc. in a separate letter dated May 29, 2012.

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.

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.

Tetnik & Bartlett, PLLC

May 29, 2012

CRISS CROSS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011

#11-01 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. We recommend that the Board of Directors should remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

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.

Status: This condition was reported in the prior year's audit as finding #10-01.

CRISS CROSS, INC.
SCHEDULE OF STATE GRANT RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

	West Virginia Department of Health and Human <u>Resources</u>
Grant Receipts	\$ <u>373,321</u>
Grant Disbursements	
Personnel	289,179
Fringe Benefits	58,299
Materials and Supplies	5,872
Professional services	14,691
Other	<u>5,280</u>
Total disbursements	<u>373,321</u>
Excess disbursements over receipts	\$ <u><u>-</u></u>

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