

**CRISS CROSS, INC.**

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

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**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

DHHR - Finance

DEC 23 2014

Date Received

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Criss Cross, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013, 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* in considering Criss Cross, Inc.'s internal control over financial reporting and compliance.

Tetrick & Bartlett, PLLC

May 29, 2013

DHHR - Finance

DEC 23 2014

Date Received

**CRISS CROSS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 188,362	
Restricted cash	2,004,062	
Accounts receivable	1,206	
Grant receivable	22,661	
Prepaid insurance	7,250	
Investments	<u>12,629</u>	\$ 2,236,170

Capital assets, net		<u>20,949</u>
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<b>TOTAL ASSETS</b>		<u><u>\$ 2,257,119</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 5,287	
Accrued expenses	2,045	
Employee deposits	474	
Client deposits	2,003,156	
Obligations under capital lease, current portion	<u>4,846</u>	\$ 2,015,808

Obligations under capital lease, net of current portion		1,552
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**Net Assets**

Temporarily restricted	432	
Unrestricted	<u>239,327</u>	<u>239,759</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 2,257,119</u></u>
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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, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support</b>			
Contributions	\$ 27,320	\$ -	\$ 27,320
Donated services	16,085	-	16,085
Grants	30,845	-	30,845
United Way allocations:			
Harrison County	52,233	-	52,233
Marion County	1,150	-	1,150
Monongalia County	2,740	-	2,740
Total public support	<u>130,373</u>	<u>-</u>	<u>130,373</u>
<b>Revenues</b>			
Program service fees	395,207	-	395,207
Federal and state grants:			
Department of Housing and Urban Development	35,619	-	35,619
Department of Health and Human Services	-	448,353	448,353
Fundraising income	2,688	-	2,688
Interest income	758	-	758
Gain (loss) on investments	226	-	226
Miscellaneous income	6,305	-	6,305
Total revenues	<u>440,803</u>	<u>448,353</u>	<u>889,156</u>
Net assets released from restrictions	<u>448,353</u>	<u>(448,353)</u>	<u>-</u>
Total public support and revenues	<u>1,019,529</u>	<u>-</u>	<u>1,019,529</u>

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

**CRISS CROSS, INC.**  
**STATEMENT OF ACTIVITIES (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Expenses</b>			
Program services:			
Information and referral	\$ 93,877	\$ -	\$ 93,877
Consumer credit counseling services	123,403	-	123,403
Representative payee program	307,945	-	307,945
Hotline	457,208	-	457,208
Other	<u>2,759</u>	<u>-</u>	<u>2,759</u>
Total program services	<u>985,192</u>	<u>-</u>	<u>985,192</u>
 Change in net assets	 34,337	 -	 34,337
 Beginning net assets	 <u>204,990</u>	 <u>432</u>	 <u>205,422</u>
 Ending net assets	 <u>\$ 239,327</u>	 <u>\$ 432</u>	 <u>\$ 239,759</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, 2012**

	<u>Program Services</u>						
	<u>Information and Referral</u>	<u>Consumer Credit Counseling Services</u>	<u>Representative Payee Program</u>	<u>Hotline</u>	<u>Other</u>	<u>Total</u>	
Salaries and fringe benefits	\$ 45,005	\$ 53,241	\$ 217,579	\$ 404,188	\$ 1,495	\$ 721,508	
Contract services	8,403	32,615	24,028	10,102	-	75,148	
Occupancy	8,210	9,115	21,975	19,760	-	59,060	
Telephone	5,858	7,336	9,293	4,510	-	26,997	
Insurance	9,195	3,472	3,367	2,995	-	19,029	
Direct aid to individuals	11,430	-	-	-	609	12,039	
Supplies	1,572	1,880	5,212	2,643	-	11,307	
Travel and training	309	5,374	1,204	6,102	23	13,012	
Office expenses	977	4,739	21,171	283	120	27,290	
Advertising	153	3,066	2,719	2,234	-	8,172	
Fundraising	45	-	-	-	294	339	
Depreciation	2,714	2,246	1,391	4,325	-	10,676	
Miscellaneous	6	319	6	66	218	615	
<b>Total functional expenses</b>	<u>\$ 93,877</u>	<u>\$ 123,403</u>	<u>\$ 307,945</u>	<u>\$ 457,208</u>	<u>\$ 2,759</u>	<u>\$ 985,192</u>	

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, 2012**

**Cash Flows From Operating Activities**

Change in net assets	\$ 34,337
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	10,676
Realized and unrealized losses (gains) on investments	(605)
(Increase) decrease in:	
Accounts receivable	(261)
Grant receivable	(14,136)
Prepaid expenses	(7,250)
Increase (decrease) in:	
Accounts payable	197
Accrued expenses	(3,839)
Employee deposits	194
Client deposits	227,792
Deferred revenue	(49,112)
Net cash provided by (used in) operating activities	<u>197,993</u>

**Cash Flows From Investing Activities**

Acquisition of capital assets	(3,745)
Payments on capital lease	<u>(5,367)</u>
Net cash provided by (used in) investing activities	<u>(9,112)</u>

Net increase in cash and cash equivalents 188,881

Cash and cash equivalents, beginning of year 2,003,543

Cash and cash equivalents, end of year \$ 2,192,424

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

**CRISS CROSS, INC.**  
**STATEMENT OF CASH FLOWS (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

Cash and cash equivalents	\$ 188,362
Restricted cash	<u>2,004,062</u>
Cash and cash equivalents, end of year	<u>\$ 2,192,424</u>

**Supplemental Disclosures**

Non-cash operating activities	
Donated services revenue	<u>\$ 16,085</u>
Professional services expense	<u>\$ 16,085</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.

All required federal tax returns for the Organization have been filed up to, and including the tax year ended December 31, 2012. The Organization's federal income tax returns for 2011, 2010, and 2009 remain subject to examination by the Internal Revenue Service ("IRS").

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

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

**(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, 2012, the Organization recognized \$16,085 in donated legal and accounting services.

**(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.

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

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

**(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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**(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, 2012. 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	\$ 188,738	\$ 188,738	\$ -	\$ -	\$ 188,362
Restricted cash	2,123,897	296,560	1,827,337	-	2,004,062
	\$ 2,312,635	\$ 485,298	\$ 1,827,337	\$ -	\$ 2,192,424

**Investments**

Investments at December 31, 2012 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Cash and equivalents	\$ 12,629	\$ 12,629

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

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

### 3. 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 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, 2012.

**U.S. Govt. Money Market Fund:** Valued at quoted prices and other relevant information generated by market transactions.

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

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

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, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 12,629	\$ -	\$ -	\$ 12,629
Total Assets at Fair Value	<u>\$ 12,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,629</u>

#### 4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u> <u>Balance</u>
Depreciable Assets				
Equipment	\$ 101,012	\$ 3,745	\$ -	\$ 104,757
Total assets at historical cost	<u>101,012</u>	<u>3,745</u>	<u>-</u>	<u>104,757</u>
Less: Accumulated depreciation				
Equipment	<u>73,132</u>	<u>10,676</u>	<u>-</u>	<u>83,808</u>
Total accumulated depreciation	<u>73,132</u>	<u>10,676</u>	<u>-</u>	<u>83,808</u>
Capital assets, net	<u>\$ 27,880</u>	<u>\$ (6,931)</u>	<u>\$ -</u>	<u>\$ 20,949</u>

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

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

**5. 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.

**6. 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, 2012 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, 2012 was \$2,360.

**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, 2012 are as follows:

Year Ended December 31,

2013	\$ <u>2,492</u>
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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, 2012 are as follows:

Year Ended December 31,

2013	\$ 2,354
2014	<u>1,552</u>
	<u>\$ 3,906</u>

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



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

**7. Advertising Costs**

The Organization expenses advertising costs as incurred. These costs amounted to \$8,172 for the year ended December 31, 2012.

**8. 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, 2012 was \$6,724.

**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. 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	<u>\$ 448,353</u>
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**11. Subsequent Events**

Management has considered all subsequent events through May 29, 2013, the date the financial statements were made available.

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



**INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Criss Cross, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Criss Cross, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Criss Cross, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Criss Cross, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control 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 function, 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 #12-01 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 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 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, 2013.

### **Criss Cross, Inc.'s Response to Findings**

Criss Cross, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and response. Criss Cross, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tetrick & Bartlett, PLLC

May 29, 2013

CRISS CROSS, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

**#12-01 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 #11-01.

**CRISS CROSS, INC.**  
**SCHEDULE OF STATE GRANT RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>West Virginia</u> <u>Department</u> <u>of Health</u> <u>and Human</u> <u>Resources</u>
<b>Grant Receipts</b>	\$ <u>448,353</u>
<b>Grant Disbursements</b>	
Personnel	350,249
Fringe Benefits	55,490
Materials and Supplies	4,610
Professional services	12,706
Other	<u>25,298</u>
Total disbursements	<u>448,353</u>
<b>Excess receipts over disbursements</b>	\$ <u><u>-</u></u>

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