

TURNING POINT, INC.

Mount Clemens, Michigan

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended September 30, 2015 and 2014

TURNING POINT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turning Point, Inc.
Mount Clemens, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Turning Point, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, cash flows and functional expenses for the years 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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.

Board of Directors
Turning Point, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as identified in the table of contents, including the schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2016 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.



Southfield, Michigan
March 21, 2016

TURNING POINT, INC.

STATEMENTS OF FINANCIAL POSITION As of September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 45,231	\$ 153,717
Grants receivable	152,583	87,572
Pledges receivable	64,503	64,503
Accounts receivable	58,566	-
Prepaid expenses	3,796	11,478
Contributed inventory	<u>66,094</u>	<u>66,094</u>
Total Current Assets	<u>390,773</u>	<u>383,364</u>
PROPERTY AND EQUIPMENT, NET	<u>3,333,542</u>	<u>3,572,083</u>
TOTAL ASSETS	<u>\$ 3,724,315</u>	<u>\$ 3,955,447</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long term debt	\$ 15,074	\$ 82,309
Line of credit	30,500	-
Accounts payable	85,140	19,310
Accrued liabilities	<u>73,800</u>	<u>80,398</u>
Total Current Liabilities	<u>204,514</u>	<u>182,017</u>
LONG-TERM LIABILITIES		
Long-term debt	<u>402,546</u>	<u>416,842</u>
Total Liabilities	<u>607,060</u>	<u>598,859</u>
NET ASSETS		
Unrestricted	3,052,755	3,292,088
Temporarily restricted	<u>64,500</u>	<u>64,500</u>
Total Net Assets	<u>3,117,255</u>	<u>3,356,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,724,315</u>	<u>\$ 3,955,447</u>

See accompanying notes to financial statements.

TURNING POINT, INC.

STATEMENTS OF ACTIVITIES For the Years Ended September 30, 2015 and 2014

	Unrestricted	Temporarily Restricted	2015 Total	Unrestricted	Temporarily Restricted	2014 Total
SUPPORT AND REVENUE						
Retail sales - Second Hand Rose	\$ 355,996	\$ -	\$ 355,996	\$ 396,565	\$ -	\$ 396,565
In-kind contributions, Second Hand Rose	309,689	-	309,689	352,964	-	352,964
Less cost of goods sold	<u>(295,551)</u>	-	<u>(295,551)</u>	<u>(330,471)</u>	-	<u>(330,471)</u>
Net Revenue - Second Hand Rose	370,134	-	370,134	419,058	-	419,058
Contributions	632,054	-	632,054	950,349	-	950,349
Special events	43,395	-	43,395	57,672	-	57,672
United Way grants	21,501	64,503	86,004	21,497	64,503	86,000
Governmental agency and other grants	1,362,780	-	1,362,780	1,228,455	-	1,228,455
Loss on sale of shelter	<u>(53,614)</u>	-	<u>(53,614)</u>	-	-	-
Total Support and Revenue before Releases	<u>2,376,250</u>	<u>64,503</u>	<u>2,440,753</u>	<u>2,677,031</u>	<u>64,503</u>	<u>2,741,534</u>
Net Assets Released from Restrictions	<u>64,503</u>	<u>(64,503)</u>	<u>-</u>	<u>2,111,176</u>	<u>(2,111,176)</u>	<u>-</u>
Total Support and Revenue	<u>2,440,753</u>	<u>-</u>	<u>2,440,753</u>	<u>4,788,207</u>	<u>(2,046,673)</u>	<u>2,741,534</u>
FUNCTIONAL EXPENSES						
Program expenses	2,354,866	-	2,354,866	2,244,641	-	2,244,641
Management and general	304,519	-	304,519	308,393	-	308,393
Fundraising	<u>52,036</u>	-	<u>52,036</u>	<u>49,599</u>	-	<u>49,599</u>
Total Expenses	<u>2,711,421</u>	<u>-</u>	<u>2,711,421</u>	<u>2,602,633</u>	<u>-</u>	<u>2,602,633</u>
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	(270,668)	-	(270,668)	2,185,574	(2,046,673)	138,901
OTHER ITEMS						
Net gain on insurance proceeds	<u>31,335</u>	-	<u>31,335</u>	-	-	-
CHANGE IN NET ASSETS	(239,333)	-	(239,333)	2,185,574	(2,046,673)	138,901
NET ASSETS - Beginning of Year	<u>3,292,088</u>	<u>64,500</u>	<u>3,356,588</u>	<u>1,106,514</u>	<u>2,111,173</u>	<u>3,217,687</u>
NET ASSETS - END OF YEAR	<u>\$ 3,052,755</u>	<u>\$ 64,500</u>	<u>\$ 3,117,255</u>	<u>\$ 3,292,088</u>	<u>\$ 64,500</u>	<u>\$ 3,356,588</u>

See accompanying notes to financial statements.

TURNING POINT, INC.

STATEMENTS OF CASH FLOWS For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (239,333)	\$ 138,901
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	144,144	128,324
Increase in contributed inventory	-	167
Loss on disposal of property and equipment	53,614	-
Changes in assets and liabilities		
Grants receivable	(65,011)	(17,408)
Accounts receivable	(58,566)	-
Prepaid expenses	7,682	(7,609)
Accounts payable	65,830	(23,849)
Accrued liabilities	(6,598)	12,841
Deferred revenue	-	(13,500)
Net Cash Flows from Operating Activities	<u>(98,238)</u>	<u>217,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(42,219)	(360,111)
Proceeds from sale of capital assets	<u>83,002</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>40,783</u>	<u>(360,111)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advances (payments) on line of credit	30,500	(250,000)
Principal payments on long-term debt	(81,531)	(15,979)
Proceeds from long-term debt	<u>-</u>	<u>266,341</u>
Net Cash Flows from Financing Activities	<u>(51,031)</u>	<u>362</u>
Net Change in Cash and Cash Equivalents	(108,486)	(141,882)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>153,717</u>	<u>295,599</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 45,231</u>	<u>\$ 153,717</u>
Supplemental cash flow disclosures		
Cash paid for interest	\$ 34,132	\$ 26,550
Noncash investing activities		
Transfer of indebtedness from line of credit to mortgage	\$ -	\$ 181,284

See accompanying notes to financial statements.

TURNING POINT, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended September 30, 2015

	Community Development	SANE	Survivor Support	Shelter	Second Hand Rose	Total Program	Management and General	Fundraising	Total
Salaries	\$ 247,293	\$ 186,465	\$ 344,722	\$ 517,385	\$ 165,398	\$ 1,461,263	\$ 121,981	\$ 23,367	\$ 1,606,611
Payroll taxes and benefits	<u>38,328</u>	<u>17,807</u>	<u>78,773</u>	<u>101,505</u>	<u>28,260</u>	<u>264,673</u>	<u>56,690</u>	<u>2,072</u>	<u>323,435</u>
Total Salaries and Related Expenses	285,621	204,272	423,495	618,890	193,658	1,725,936	178,671	25,439	1,930,046
Contract services	11,653	49,161	18,888	11,644	2,131	93,477	35,361	12,398	141,236
Dues, licenses and fees	465	150	-	4,389	6,013	11,017	12,680	669	24,366
Equipment purchase, rental and maintenance	1,175	347	3,261	28,270	5,031	38,084	8,063	-	46,147
Insurance	1,667	7,392	9,723	21,771	3,588	44,141	5,878	-	50,019
Interest	-	-	-	34,632	-	34,632	-	-	34,632
Occupancy	10,320	-	20,388	37,578	92,472	160,758	15,528	-	176,286
Printing, publications and conferences	2,578	18,331	7,735	1,154	14,143	43,941	3,238	12,860	60,039
Specific assistance	2,476	666	3,520	6,087	14,011	26,760	-	-	26,760
Supplies and materials	6,008	12,649	3,855	2,035	1,746	26,293	3,240	642	30,175
Telephone and communications	2,485	4,418	2,386	9,515	1,560	20,364	9,578	-	29,942
Travel and transportation	<u>4,573</u>	<u>6,880</u>	<u>3,229</u>	<u>1,231</u>	<u>306</u>	<u>16,219</u>	<u>1,382</u>	<u>28</u>	<u>17,629</u>
Total Functional Expenses before Depreciation	329,021	304,266	496,480	777,196	334,659	2,241,622	273,619	52,036	2,567,277
Depreciation	<u>372</u>	<u>3,523</u>	<u>167</u>	<u>107,326</u>	<u>1,856</u>	<u>113,244</u>	<u>30,900</u>	<u>-</u>	<u>144,144</u>
Total Expenses	<u>\$ 329,393</u>	<u>\$ 307,789</u>	<u>\$ 496,647</u>	<u>\$ 884,522</u>	<u>\$ 336,515</u>	<u>\$ 2,354,866</u>	<u>\$ 304,519</u>	<u>\$ 52,036</u>	<u>\$ 2,711,421</u>

See accompanying notes to financial statements.

TURNING POINT, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended September 30, 2014

	Community Development	SANE	Survivor Support	Shelter	Second Hand Rose	Total Program	Management and General	Fundraising	Total
Salaries	\$ 254,163	\$ 144,371	\$ 324,333	\$ 534,912	\$ 177,138	\$ 1,434,917	\$ 142,599	\$ 14,250	\$ 1,591,766
Payroll taxes and benefits	30,321	13,212	79,664	102,690	24,640	250,527	49,021	1,809	301,357
Total Salaries and Related Expenses	284,484	157,583	403,997	637,602	201,778	1,685,444	191,620	16,059	1,893,123
Contract services	4,798	43,438	15,894	6,917	3,574	74,621	19,961	14,472	109,054
Dues, licenses and fees	305	765	-	1,754	6,097	8,921	8,262	975	18,158
Equipment purchase, rental and maintenance	1,205	422	1,605	20,785	8,553	32,570	8,581	-	41,151
Insurance	4,511	1,475	4,621	21,393	5,404	37,404	5,449	1,521	44,374
Interest	-	-	-	26,550	-	26,550	-	-	26,550
Occupancy	9,129	-	21,262	35,902	89,441	155,734	15,377	-	171,111
Printing, publications and conferences	4,048	6,180	2,129	1,246	8,423	22,026	6,706	13,402	42,134
Specific assistance	941	1,267	3,951	14,192	22,654	43,005	-	-	43,005
Supplies and materials	17,836	2,685	1,887	3,119	1,372	26,899	4,307	1,186	32,392
Telephone and communications	2,220	2,878	900	8,292	1,534	15,824	10,513	1,963	28,300
Travel and transportation	4,229	3,836	2,919	4,014	34	15,032	9,904	21	24,957
Total Functional Expenses before Depreciation	333,706	220,529	459,165	781,766	348,864	2,144,030	280,680	49,599	2,474,309
Depreciation	799	3,349	279	95,118	1,066	100,611	27,713	-	128,324
Total Expenses	<u>\$ 334,505</u>	<u>\$ 223,878</u>	<u>\$ 459,444</u>	<u>\$ 876,884</u>	<u>\$ 349,930</u>	<u>\$ 2,244,641</u>	<u>\$ 308,393</u>	<u>\$ 49,599</u>	<u>\$ 2,602,633</u>

See accompanying notes to financial statements.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

Turning Point, Inc. (the "Organization") provides emergency and crisis assistance primarily to women and children who are victims of domestic violence and/or sexual assault in southeast Michigan. The assistance provided includes, but is not limited to, emergency counseling, case planning, referrals, advocacy, food, shelter, transportation, and SANE (Sexual Assault Nurse Examiner).

Second Hand Store

The Organization operates a resale shop (Second Hand Rose) where donated goods are sold. The proceeds of the sales, less direct expenses, are used to supplement the Organization's exempt purpose.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Organization periodically may have deposits with various banks which may exceed the FDIC limit. The Organization has not experienced losses in such accounts and believes it is not exposed to significant credit risk related to its cash and cash equivalent deposits.

Accounts, Pledges and Grants Receivable

Accounts, pledges and grants receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of September 30, 2015 and 2014, respectively.

Sale of Donated Merchandise

The Organization operates Second Hand Rose through which donations of used clothing and other merchandise are solicited from the public. The Organization sells this donated merchandise to generate cash, which can then be used to support the Organization's programs. The Organization recorded \$309,689 and \$352,964 as merchandise and other in-kind contributions in the accompanying statements of activities for the years ended September 30, 2015 and 2014, respectively. Sales, and the corresponding cost of sales of contributed merchandise of \$295,551 and \$330,471 were recorded net on the statements of activities for 2015 and 2014, respectively. Selling and administration expense incurred to operate Second Hand Rose of \$336,515 and \$349,930 were also recorded for the years ended September 30, 2015 and 2014. Proceeds realized for use in the Organization's programs from these activities for 2015 and 2014 were \$0 and \$73,423, respectively.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Equipment acquired through governmental agency contracts have been capitalized by the Organization. However, the resource provider reserves the right to retain or transfer the title to this equipment. Should the Organization discontinue its contracts with certain resource providers, personal property purchased through these contracts may revert to the resource provider.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of September 30, 2015 and 2014, the Organization has no permanently restricted net assets.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Tax-Exempt Status

Turning Point, Inc. has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Organization is not currently under examination by any taxing jurisdiction.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue from government grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and grants receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as revenue in the period when the related expenses are incurred.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements.

Operations

Operating results in the statements of activities reflect all transactions increasing or decreasing net assets except for the net gain on insurance proceeds.

Donated Services

The Organization receives donated services from volunteers to perform first response and other duties. The services provided do not meet the requirements to be recorded as in-kind revenue and expenses and are, therefore, not recorded in the accompanying financial statements for 2015 and 2014. The number of hours of service was approximately 15,600 and 15,600 for the year ended September 30, 2015 and 2014, respectively. The Organization estimates that it would pay approximately \$233,000 and \$267,000 for such services in 2015 and 2014, respectively. The Organization has applied \$18,135 and \$23,670 of the volunteer time to matching grants for the year ended September 30, 2015 and 2014, respectively.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies (cont.)

In-Kind Contributions

The Organization records contributed merchandise donated to Second Hand Rose as a contribution which is in accordance with generally accepted accounting principles.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. There were no such items in 2015.

Expense Allocation

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

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through March 21, 2016, which is the date that the financial statements were approved and available to be issued.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 2 - Property and Equipment

The major categories of property and equipment at September 30 are summarized as follows:

	Depreciable Lives	2015	2014
Land	N/A	\$ 36,600	\$ 67,100
Buildings and building improvements	40 yrs.	3,270,112	3,430,113
Vehicles	5 yrs.	14,118	4,288
Equipment	5 yrs.	97,467	74,145
Furniture and fixtures	5 - 7 yrs.	73,938	73,938
Leasehold improvements	15 - 20 yrs.	<u>373,667</u>	<u>498,064</u>
Total Property and Equipment		3,865,902	4,147,648
Less: Accumulated depreciation		<u>(532,360)</u>	<u>(575,565)</u>
Net Property and Equipment		<u>\$ 3,333,542</u>	<u>\$ 3,572,083</u>

The new shelter was placed into service in 2014. The Organization listed for sale its old shelter located at 213 South Main Street, Mount Clemens, Michigan, in 2013. The carrying amount of the land held for sale at September 30, 2014 was \$30,500, and the carrying amounts of the building held for sale at September 30, 2014 was \$52,333. The Organization sold the old shelter in 2015, received proceeds of \$83,000 which resulted in a net loss on sale of \$53,614.

During 2015, the new shelter experienced damages due to fire. Insurance proceeds have been netted against repairs for the damages on the statement of activities showing a net gain from insurance proceeds of \$31,335 for the year ended December 31, 2015.

Depreciation for the year ended September 30, 2015 and 2014 was \$144,144 and \$128,324, respectively.

NOTE 3 - Line of Credit

At September 30, 2015, the Organization had a secured line of credit financing agreement with a bank and has available financing of \$150,000 and an interest rate of 1.5% above prime (total rate of 4.75% at September 30, 2015).

The balance outstanding on the line of credit was \$30,500 at September 30, 2015. There was no balance at September 30, 2014.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended September 30, 2015 and 2014

NOTE 4 - Long-Term Debt

Debt consists of the following at September 30:

	2015	2014
Mortgage on old shelter was due in monthly installments of \$791, including 7% interest. The mortgage was secured by a building. The mortgage was paid in full in October 2014.	\$ -	\$ 62,444
Mortgage on new shelter due in monthly installments of \$3,797, including 6% interest. The mortgage is secured by a building. The mortgage was refinanced in January 2016.	417,620	436,707
Totals	417,620	499,151
Less: Current Maturities	(15,074)	(82,309)
Long-Term Maturities	\$ 402,546	\$ 416,842

The mortgage with an outstanding balance at September 30, 2015 was refinanced for a new mortgage amount of \$517,000 in January 2016; subsequent to year-end but before these financial statements were available to be issued. The refinanced mortgage is due in monthly installments of \$3,630 and matures in February 2031. From January 2016 through January 2021, the outstanding principal bears 5.75% interest; from February 2021 through January 2026, the outstanding principal bears an interest rate equal to the greater of (i) the sum of the yield to maturity of United States Treasury obligations with a February 2031 maturity plus 2% and (ii) 5%; from February 2026 through maturity in February 2031, the outstanding principal bears an interest rate equal to the greater of (i) the sum of the yield to maturity of United States Treasury obligations with a February 2031 maturity plus 2% and (ii) 5%.

Principal requirements on long-term debt for years ending after September 30, 2015, including the January 2016 refinancing, are as follows:

2016	\$ 15,074
2016	14,683
2017	15,550
2018	16,768
2019	17,441
2020 and thereafter	338,104
Total	\$ 417,620

Debt interest charged to expense was \$34,632 and \$26,550 for the years ended September 30, 2015 and 2014, respectively.

TURNING POINT, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2015 and 2014

NOTE 5 - Net Assets

Temporarily restricted net assets at year end are composed of the United Way Shelter grant for \$64,500 at September 30, 2015 and 2014.

NOTE 6 - Operating Leases

The Organization leases building space under a non-cancelable operating lease. Rent expense was \$138,708 and \$135,209 for the years ended September 30, 2015 and 2014, respectively, requiring monthly payments in the amount of \$11,559 and expiring on November 1, 2016.

Future minimum lease payments are as follows:

2016	\$ 138,708
2017	<u>11,559</u>
Total	<u>\$ 150,267</u>

OTHER INDEPENDENT AUDITORS' REPORTS

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turning Point, Inc.
Mount Clemens, Michigan

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 Turning Point, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Turning Point, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Baker Tilly Virchow Mannes LLP". The signature is written in a cursive, flowing style.

Southfield, Michigan
March 21, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF FEDERAL AWARDS REQUIRED
BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turning Point, Inc.
Mount Clemens, Michigan

Report on Compliance for Each Major Federal Program

We have audited Turning Point, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

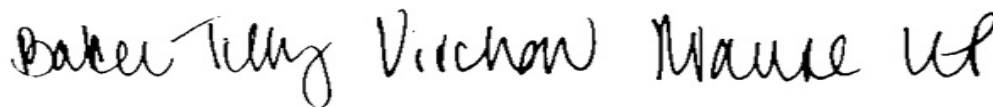
Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Southfield, Michigan
March 21, 2016

SUPPLEMENTAL INFORMATION

TURNING POINT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Agency/Program or Clustered Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Michigan Department of Human Services			
Temporary Assistance for Needy Families	93.558	DV11-50001 4	\$ 126,181
Family Violence Prevention and Services	93.671	DV11-50001 4	<u>76,341</u>
Total U.S. Department of Health and Human Services			<u>202,522</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Food and Shelter National Board Program	97.024	474600-007	<u>50,000</u>
Total U.S. Department of Homeland Security			<u>50,000</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Michigan State Housing Development Authority			
Emergency Solutions Grant Program	14.231	DV11-50001 4	14,528
Passed through Macomb County			
Emergency Solutions Grant Program	14.231	C3-30-3B	13,175
Emergency Solutions Grant Program	14.231	C4-30-3B	25,000
Passed Through Various Macomb County Cities			
Community Development Block Grant	14.218	C4-21-3J	<u>27,080</u>
Total U.S. Department of Housing and Urban Development			<u>79,783</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Michigan Department of Education			
Child and Adult Care Food Program	10.558	990000206	<u>65,280</u>
Total U.S. Department of Agriculture			<u>65,280</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through Michigan Department of Community Health			
Crime Victim Assistance	16.575	20026-18V14	360,835
Passed Through Michigan Department of Human Services			
Violence Against Women Formula Grant (ARRA)	16.588	DV11-50001 4	15,029
Violence Against Women Formula Grant (ARRA)	16.588	STOP 11-50001	<u>128,323</u>
Total U.S. Department of Justice			<u>504,187</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 901,772</u>

TURNING POINT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization and is presented on the accrual basis of accounting.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are recorded on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Donated Services

The Organization receives donated services from volunteers to perform first response and other duties. The services provided do not meet the requirements to be recorded as in-kind revenue and expenses and are, therefore, not recorded in the accompanying financial statements for 2015 and 2014. The number of hours of service was 15,600 and 17,800 for the year ended September 30, 2015 and 2014, respectively. The Organization estimates that it would pay \$233,000 and \$267,000 for such services in 2015 and 2014, respectively. The Organization has applied \$18,135 and \$23,670 of the volunteer time to matching grants for the year ended September 30, 2015 and 2014, respectively.

Emergency Food and Shelter Program

The Emergency Food and Shelter National Board Program (the "national board") is administered by the U.S. Department of Homeland Security/Federal Emergency Management Agency. The national board selected United Way Worldwide to serve as its Secretariat and Fiscal Agent.

TURNING POINT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2015

Section I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified? yes no
- > Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- > Material weakness(es) identified? yes no
- > Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.588	Violence Against Women
16.575	Crime Victims Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

TURNING POINT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended September 30, 2015

Section II: Financial Statement Findings

None

Section III: Federal Findings and Questioned Costs

None

TURNING POINT, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2014

Section II: Financial Statement Findings

None

Section III: Federal Findings and Questioned Costs

None