

# **Turning Point, Inc.**

Financial Statements and  
Supplementary Information

September 30, 2022 and 2021

# Turning Point, Inc.

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## **Independent Auditors' Report**

To the Board of Directors of  
Turning Point, Inc.

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

#### ***Opinion***

We have audited the financial statements of Turning Point, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 GAAS. 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 June 19, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAAS in considering the Organization's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Southfield, Michigan  
June 19, 2023

## Turning Point, Inc.

Statements of Financial Position  
September 30, 2022 and 2021

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>                             |                     |                     |
| <b>Current Assets</b>                     |                     |                     |
| Cash and cash equivalents                 | \$ 1,022,248        | \$ 1,306,295        |
| Grants receivable                         | 554,524             | 428,217             |
| Service fees receivable                   | 24,600              | 57,587              |
| Pledges receivable                        | 190,000             | -                   |
| Prepaid expenses                          | 117,766             | 123,354             |
| Contributed inventories                   | <u>50,072</u>       | <u>45,180</u>       |
| Total current assets                      | 1,959,210           | 1,960,633           |
| <b>Property and Equipment, Net</b>        | <u>3,290,537</u>    | <u>3,179,493</u>    |
| Total assets                              | <u>\$ 5,249,747</u> | <u>\$ 5,140,126</u> |
| <b>Liabilities and Net Assets</b>         |                     |                     |
| <b>Current Liabilities</b>                |                     |                     |
| Current maturities of long-term debt      | \$ 6,293            | \$ 23,851           |
| Accounts payable                          | 110,423             | 96,011              |
| Accrued liabilities                       | <u>186,532</u>      | <u>161,418</u>      |
| Total current liabilities                 | 303,248             | 281,280             |
| <b>Long-Term Liabilities</b>              |                     |                     |
| Long-term debt, net of current maturities | <u>5,695</u>        | <u>10,733</u>       |
| Total liabilities                         | <u>308,943</u>      | <u>292,013</u>      |
| <b>Net Assets</b>                         |                     |                     |
| Net assets without donor restrictions     | 4,662,844           | 4,808,613           |
| Net assets with donor restrictions        | <u>277,960</u>      | <u>39,500</u>       |
| Total net assets                          | <u>4,940,804</u>    | <u>4,848,113</u>    |
| Total liabilities and net assets          | <u>\$ 5,249,747</u> | <u>\$ 5,140,126</u> |

See notes to financial statements

# Turning Point, Inc.

## Statements of Activities

Years Ended September 30, 2022 and 2021

|   | 2022                          |                            |                     | 2021                          |                            |                     |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>Support and Revenue</b>  |                               |                            |                     |                               |                            |                     |
| Second Hand Rose  |                               |                            |                     |                               |                            |                     |
| Retail sales  | \$ 300,299                    | \$ -                       | \$ 300,299          | \$ 270,655                    | \$ -                       | \$ 270,655          |
| In-kind merchandise contributions   | 255,048                       | -                          | 255,048             | 282,756                       | -                          | 282,756             |
| Less cost of goods sold   | (249,356)                     | -                          | (249,356)           | (224,995)                     | -                          | (224,995)           |
| Net revenue   | 305,991                       | -                          | 305,991             | 328,416                       | -                          | 328,416             |
| Contributions   | 1,123,909                     | 238,710                    | 1,362,619           | 1,515,421                     | 2,000                      | 1,517,421           |
| Special events (net of expenses of \$74,672 and \$47,395 for 2022 and 2021, respectively) | 153,130                       | -                          | 153,130             | 137,973                       | -                          | 137,973             |
| Governmental agency and other grants  | 3,410,241                     | 39,250                     | 3,449,491           | 3,454,426                     | 37,500                     | 3,491,926           |
| Interest income   | 991                           | -                          | 991                 | 510                           | -                          | 510                 |
| In-kind contributions   | 205,273                       | -                          | 205,273             | -                             | -                          | -                   |
| Total support and revenue before releases   | 5,199,535                     | 277,960                    | 5,477,495           | 5,436,746                     | 39,500                     | 5,476,246           |
| Net assets released from restrictions   | 39,500                        | (39,500)                   | -                   | 50,000                        | (50,000)                   | -                   |
| Total support and revenue   | 5,239,035                     | 238,460                    | 5,477,495           | 5,486,746                     | (10,500)                   | 5,476,246           |
| <b>Expenses</b>   |                               |                            |                     |                               |                            |                     |
| Program   | 4,653,263                     | -                          | 4,653,263           | 3,968,403                     | -                          | 3,968,403           |
| Management and general  | 562,567                       | -                          | 562,567             | 466,618                       | -                          | 466,618             |
| Fundraising   | 168,974                       | -                          | 168,974             | 146,615                       | -                          | 146,615             |
| Total expenses  | 5,384,804                     | -                          | 5,384,804           | 4,581,636                     | -                          | 4,581,636           |
| Change in net assets  | (145,769)                     | 238,460                    | 92,691              | 905,110                       | (10,500)                   | 894,610             |
| <b>Net Assets, Beginning</b>  | 4,808,613                     | 39,500                     | 4,848,113           | 3,903,503                     | 50,000                     | 3,953,503           |
| <b>Net Assets, Ending</b>   | <u>\$ 4,662,844</u>           | <u>\$ 277,960</u>          | <u>\$ 4,940,804</u> | <u>\$ 4,808,613</u>           | <u>\$ 39,500</u>           | <u>\$ 4,848,113</u> |

See notes to financial statements

## Turning Point, Inc.

Statements of Cash Flows  
Years Ended September 30, 2022 and 2021

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ 92,691           | \$ 894,610          |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                     |                     |
| Depreciation   | 177,122             | 139,301             |
| Increase in contributed inventories  | (4,892)             | (12,377)            |
| Changes in assets and liabilities:   |                     |                     |
| Grants receivable  | (126,307)           | (92,429)            |
| Service fees receivable  | 32,987              | (7,343)             |
| Prepaid expenses   | 5,588               | (72,024)            |
| Accounts payable   | 14,412              | 37,680              |
| Accrued liabilities  | 25,114              | (60,460)            |
| Refundable advance   | -                   | (487,925)           |
| Net cash flows from operating activities   | 26,715              | 339,033             |
| <b>Cash Flows From Investing Activities</b>  |                     |                     |
| Capital expenditures   | (288,166)           | (381,421)           |
| <b>Cash Flows From Financing Activities</b>  |                     |                     |
| Principal payments on long-term debt   | (22,596)            | (19,599)            |
| Net change in cash and cash equivalents  | (284,047)           | (61,987)            |
| <b>Cash and Cash Equivalents, Beginning</b>  | <u>1,306,295</u>    | <u>1,368,282</u>    |
| <b>Cash and Cash Equivalents, Ending</b>   | <u>\$ 1,022,248</u> | <u>\$ 1,306,295</u> |
| <b>Supplemental Cash Flow Disclosures</b>  |                     |                     |
| Cash paid for interest   | <u>\$ 3,190</u>     | <u>\$ 2,135</u>     |
| <b>Noncash Operating and Financing Activities</b>  |                     |                     |
| Refundable advance converted to long-term debt   | <u>\$ -</u>         | <u>\$ 12,075</u>    |

See notes to financial statements



# Turning Point, Inc.

## Statement of Functional Expenses Year Ended September 30, 2022

|   | Community<br>Development | SANE              | Survivor<br>Support | PPO/Legal<br>Services | Shelter             | Second<br>Hand Rose | Human<br>Trafficking | Total<br>Program    | Management<br>and General | Fundraising       | Total               |
|---|--------------------------|-------------------|---------------------|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries                                      | \$ 247,430               | \$ 286,658        | \$ 572,387          | \$ 161,607            | \$ 873,779          | \$ 206,500          | \$ 4,904             | \$ 2,353,265        | \$ 192,230                | \$ 88,261         | \$ 2,633,756        |
| Payroll taxes and benefits                    | 40,671                   | 54,399            | 132,017             | 55,011                | 152,018             | 35,664              | 793                  | 470,573             | 31,271                    | 12,975            | 514,819             |
| Total salaries and related expenses           | 288,101                  | 341,057           | 704,404             | 216,618               | 1,025,797           | 242,164             | 5,697                | 2,823,838           | 223,501                   | 101,236           | 3,148,575           |
| Cost of goods sold                            | -                        | -                 | -                   | -                     | -                   | 249,356             | -                    | 249,356             | -                         | -                 | 249,356             |
| Contract services                             | 27,180                   | 93,781            | 65,595              | 7,946                 | 69,109              | 8,011               | 49                   | 271,671             | 107,113                   | 17,046            | 395,830             |
| Dues, licenses and fees                       | 987                      | 750               | 1,289               | 230                   | 6,495               | 6,161               | 65                   | 15,977              | 2,982                     | 9,068             | 28,027              |
| Equipment purchase and rental                 | 2,099                    | 2,001             | 525                 | 133                   | 45,421              | 16,579              | 643                  | 67,401              | 8,556                     | 882               | 76,839              |
| In-kind expenses                              | -                        | 1,800             | 12,826              | -                     | 167,169             | -                   | -                    | 181,795             | 11,626                    | 11,852            | 205,273             |
| Insurance                                     | 3,312                    | 3,626             | 7,750               | 2,108                 | 25,633              | 4,922               | (400)                | 46,951              | 6,934                     | 932               | 54,817              |
| Interest                                      | -                        | -                 | -                   | -                     | -                   | -                   | -                    | -                   | 3,190                     | -                 | 3,190               |
| Occupancy                                     | 34,939                   | 1,473             | 70,559              | 1,237                 | 78,771              | 223,457             | -                    | 410,436             | 97,209                    | 7,876             | 515,521             |
| Special events                                | -                        | -                 | -                   | -                     | -                   | -                   | -                    | -                   | -                         | 74,672            | 74,672              |
| Printing, publications and conferences        | 7,722                    | 4,795             | 5,607               | 176                   | 4,493               | 1,537               | 5,371                | 29,701              | 3,179                     | 10,518            | 43,398              |
| Specific assistance                           | 970                      | 2,561             | 58,021              | 2,647                 | 459,508             | 388                 | 2,700                | 526,795             | 164                       | -                 | 526,959             |
| Supplies and materials                        | 11,024                   | 7,579             | 8,864               | 2,900                 | 68,557              | 2,993               | 11,338               | 113,255             | 22,562                    | 3,717             | 139,534             |
| Telephone and communications                  | 3,064                    | 5,561             | 2,659               | 255                   | 15,754              | 4,422               | -                    | 31,715              | 10,192                    | -                 | 41,907              |
| Travel and transportation                     | 4,190                    | -                 | 90                  | 1,544                 | 1,486               | 164                 | -                    | 7,474               | 14,491                    | 921               | 22,886              |
| Miscellaneous                                 | -                        | -                 | -                   | -                     | -                   | -                   | -                    | -                   | -                         | 4,926             | 4,926               |
| Total functional expenses before depreciation | 383,588                  | 464,984           | 938,189             | 235,794               | 1,968,193           | 760,154             | 25,463               | 4,776,365           | 511,699                   | 243,646           | 5,531,710           |
| Depreciation                                  | -                        | 10,303            | -                   | -                     | 96,522              | 14,940              | 4,489                | 126,254             | 50,868                    | -                 | 177,122             |
| Less special events                           | -                        | -                 | -                   | -                     | -                   | -                   | -                    | -                   | -                         | (74,672)          | (74,672)            |
| Less cost of goods sold                       | -                        | -                 | -                   | -                     | -                   | (249,356)           | -                    | (249,356)           | -                         | -                 | (249,356)           |
| Total expenses                                | <u>\$ 383,588</u>        | <u>\$ 475,287</u> | <u>\$ 938,189</u>   | <u>\$ 235,794</u>     | <u>\$ 2,064,715</u> | <u>\$ 525,738</u>   | <u>\$ 29,952</u>     | <u>\$ 4,653,263</u> | <u>\$ 562,567</u>         | <u>\$ 168,974</u> | <u>\$ 5,384,804</u> |

See notes to financial statements

# Turning Point, Inc.

## Statement of Functional Expenses Year Ended September 30, 2021

|   | <b>Community<br/>Development</b> | <b>SANE</b>       | <b>Survivor<br/>Support</b> | <b>PPO/Legal<br/>Services</b> | <b>Shelter</b>      | <b>Second Hand<br/>Rose</b> | <b>Total Program</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|---|----------------------------------|-------------------|-----------------------------|-------------------------------|---------------------|-----------------------------|----------------------|-----------------------------------|--------------------|---------------------|
| Salaries                                      | \$ 265,938                       | \$ 270,994        | \$ 578,324                  | \$ 160,457                    | \$ 831,786          | \$ 157,378                  | \$ 2,264,877         | \$ 224,766                        | \$ 79,276          | \$ 2,568,919        |
| Payroll taxes and benefits                    | 53,585                           | 50,169            | 148,778                     | 48,029                        | 162,494             | 28,748                      | 491,803              | 47,377                            | 14,219             | 553,399             |
| Total salaries and related expenses           | 319,523                          | 321,163           | 727,102                     | 208,486                       | 994,280             | 186,126                     | 2,756,680            | 272,143                           | 93,495             | 3,122,318           |
| Cost of goods sold                            | -                                | -                 | -                           | -                             | -                   | 224,995                     | 224,995              | -                                 | -                  | 224,995             |
| Contract services                             | 19,879                           | 77,430            | 62,433                      | 3,662                         | 48,698              | 7,129                       | 219,231              | 20,924                            | 28,231             | 268,386             |
| Dues, licenses and fees                       | 918                              | 551               | 833                         | 229                           | 10,397              | 7,320                       | 20,248               | 4,197                             | 6,627              | 31,072              |
| Equipment purchase and rental                 | 3,919                            | 21,398            | 1,426                       | 639                           | 40,200              | 7,396                       | 74,978               | 27,793                            | 755                | 103,526             |
| Insurance                                     | 1,837                            | 2,131             | 4,419                       | 1,181                         | 18,792              | 4,172                       | 32,532               | 1,859                             | 517                | 34,908              |
| Interest                                      | -                                | -                 | -                           | -                             | -                   | -                           | -                    | 2,135                             | -                  | 2,135               |
| Occupancy                                     | 13,228                           | 3,134             | 60,415                      | 2,909                         | 73,309              | 97,771                      | 250,766              | 83,923                            | 3,399              | 338,088             |
| Special events                                | -                                | -                 | -                           | -                             | -                   | -                           | -                    | -                                 | 47,395             | 47,395              |
| Printing, publications and conferences        | 2,445                            | 4,897             | 5,308                       | 97                            | 2,990               | 377                         | 16,114               | 3,805                             | 8,905              | 28,824              |
| Specific assistance                           | 213                              | 533               | 40,922                      | 12,255                        | 256,717             | 44,954                      | 355,594              | 900                               | -                  | 356,494             |
| Supplies and materials                        | 8,315                            | 15,515            | 5,249                       | 1,614                         | 46,764              | 3,438                       | 80,895               | 8,305                             | 2,954              | 92,154              |
| Telephone and communications                  | 4,971                            | 10,393            | 2,299                       | 610                           | 24,497              | 4,604                       | 47,374               | 8,859                             | -                  | 56,233              |
| Travel and transportation                     | 2,493                            | 500               | 66                          | 30                            | 2,374               | 161                         | 5,624                | 841                               | 1,732              | 8,197               |
| Total functional expenses before depreciation | 377,741                          | 457,645           | 910,472                     | 231,712                       | 1,519,018           | 588,443                     | 4,085,031            | 435,684                           | 194,010            | 4,714,725           |
| Depreciation                                  | 600                              | 5,139             | -                           | -                             | 91,488              | 11,140                      | 108,367              | 30,934                            | -                  | 139,301             |
| Less special events                           | -                                | -                 | -                           | -                             | -                   | -                           | -                    | -                                 | (47,395)           | (47,395)            |
| Less cost of goods sold                       | -                                | -                 | -                           | -                             | -                   | (224,995)                   | (224,995)            | -                                 | -                  | (224,995)           |
| Total expenses                                | <u>\$ 378,341</u>                | <u>\$ 462,784</u> | <u>\$ 910,472</u>           | <u>\$ 231,712</u>             | <u>\$ 1,610,506</u> | <u>\$ 374,588</u>           | <u>\$ 3,968,403</u>  | <u>\$ 466,618</u>                 | <u>\$ 146,615</u>  | <u>\$ 4,581,636</u> |

See notes to financial statements

# Turning Point, Inc.

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Notes to Financial Statements  
September 30, 2022 and 2021

## 1. Summary of Significant Accounting Policies

### Nature of Activities

Turning Point, Inc. (the Organization) provides advocacy, emergency and crisis assistance primarily to women and children who are victims of domestic violence and/or sexual assault in southeast Michigan. The Organization runs operations out of locations in Mount Clemens and Saint Clair Shores. The assistance provided includes, but is not limited to, emergency counseling, case planning, safety planning, referrals, advocacy, food, shelter, transportation, PPO "Personal Protection Order" / legal advisory services and SANE "Sexual Assault Nurse Examiner". The SANE program primarily provides examinations for victims of sexual assault and/or strangulation.

### Cash and Cash Equivalents

The Organization defines 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 federally insured limits. 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.

### Grants Receivable

Grants receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of September 30, 2022 and 2021.

### Pledge Receivable

Unconditional pledges receivable made to the Organization are recorded in the year the pledge is made at fair value. Current pledges receivable are expected to be collected during the next year. If a pledge is received that covers multiple years, the pledge is discounted and amortized over the life of the pledge using the rate of applicable U.S. Treasury notes at the time of the pledge. The amortization of this discount is recognized as contribution revenue in future periods. Pledges receivable are reviewed for collectability. An allowance for pledges receivable is determined based on experience. Management deemed no allowance was necessary at September 30, 2022 and 2021. The pledge receivables as of September 30, 2022, are estate gifts and were settled in 2023.

### Service Fees Receivable

Service fees receivable have been adjusted for all known uncollectible accounts. No allowance for doubtful accounts is considered necessary as of September 30, 2022 and 2021.

### Contributed Inventory

Contributed inventory relates to the items donated for sale in the Organization's resale store. The inventory is valued at the estimated fair value of the items.

## Turning Point, Inc.

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Notes to Financial Statements  
September 30, 2022 and 2021

### 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 \$5,000 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 net assets without donor restrictions 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 contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Equipment acquired through governmental agency contracts has 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.

### Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, 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.

### 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:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.

**Board Designated Net Assets** - The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Organization's Board of Directors at any time. There were no board designated net assets at September 30, 2022 and 2021.

**Net Assets With Donor Restrictions** - 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, or are required to be maintained in perpetuity by the Organization.

### Tax-Exempt Status

The Organization 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.

## Turning Point, Inc.

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Notes to Financial Statements  
September 30, 2022 and 2021

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.

### **Retail Sales**

The Organization operates a resale shop, Second Hand Rose, through which donations of used clothing and other merchandise are solicited from the public and sold, as well as donated to the Organization shelter residents and clients, as part of the Organization's mission. If the sale of these donated items generates revenue it is used to support the Organization's programs. Revenue is recognized when control of promised goods or services is transferred to the customer. The transaction price for the goods sold is recognized at the point of the sale transaction and includes variable consideration for discounts and estimated returns of goods for refund or exchange. Control is obtained when a customer has the ability to direct the use of and substantially all of the remaining benefits for that good. The Organization has elected to exclude from the measurement of the transaction price all taxes assessed by governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Organization from the customer. There are no expressed or implied warranties. There is no revenue recognized for sales in prior periods. There are no contract assets or liabilities with this revenue source.

The Organization recorded \$255,048 and \$282,756 as in-kind merchandise contributions in the accompanying statements of activities for the years ended September 30, 2022 and 2021, respectively. Selling and administration expense incurred to operate Second Hand Rose was \$525,738 and \$374,588 for the years ended September 30, 2022 and 2021. The net deficit from these activities, prior to depreciation of \$14,940 was \$204,807 for 2022. The net deficit from these activities, prior to depreciation of \$11,140, was \$80,692 for 2021.

### **Support**

Unconditional contributions, including promises to give, are recognized in the period received. Conditional promises, that is those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been 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, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor 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.

## **Turning Point, Inc.**

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Notes to Financial Statements  
September 30, 2022 and 2021

### **Donated Services**

The Organization receives donated services from volunteers to perform first response and other duties. Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. 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 2022 and 2021. The number of hours of service was approximately 11,000 and 9,500 for the years ended September 30, 2022 and 2021, respectively. The Organization estimates that it would pay approximately \$190,000 and \$167,000 for such services in 2022 and 2021, respectively, if not donated. The Organization has applied no volunteer time to matching grants for the years ended September 30, 2022 and 2021. There are no donor restrictions associated with contributed services.

### **Expense Allocation**

The Organization's financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated. Salaries and fringe benefits are allocated based on time and effort estimates. Additional expenses that are allocated include contract services, office expenses, technical support, insurance and communication, which are allocated based on the ratio of each program's personnel costs to total personnel costs. Occupancy costs are allocated based on a square footage basis.

### **403(b) Retirement Plan**

The employees of the Organization are eligible to participate in the Organization's defined contribution plan (Turning Point, Inc. 403(b) plan) covering all eligible employees. The Organization may elect to make a discretionary contribution. The Organization did not make any contributions to the plan for the years ended September 30, 2022 and 2021.

### **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.

## Turning Point, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### Adoption of Accounting Standards

During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Organization has adjusted the presentation of these financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented.

### Subsequent Events

The Organization has evaluated subsequent events through June 19, 2023, which is the date that the financial statements were approved and available to be issued.

After year-end the Organization leased several properties under new noncancelable operating leases. The leases requiring monthly payments ranging from \$1,340 to \$1,350 with various expiration dates through April 2025.

## 2. Property and Equipment

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

|                                     | <b>Depreciable<br/>Lives</b> | <b>2022</b>         | <b>2021</b>         |
|-------------------------------------|------------------------------|---------------------|---------------------|
| Land                                | N/A                          | \$ 36,600           | \$ 36,600           |
| Buildings and building improvements | 40 yrs.                      | 3,625,680           | 3,433,473           |
| Motor vehicles                      | 5 yrs.                       | 129,381             | 84,493              |
| Equipment                           | 5 yrs.                       | 184,427             | 184,427             |
| Furniture and fixtures              | 5-7 yrs.                     | 81,137              | 81,137              |
| Leasehold improvements              | 15-20 yrs.                   | 606,902             | 606,902             |
| Construction in progress            | N/A                          | 51,071              | -                   |
| Total property and equipment        |                              | 4,715,198           | 4,427,032           |
| Less accumulated depreciation       |                              | (1,424,661)         | (1,247,539)         |
| Net property and equipment          |                              | <u>\$ 3,290,537</u> | <u>\$ 3,179,493</u> |

Depreciation for the years ended September 30, 2022 and 2021 was \$177,122 and \$139,301, respectively. The construction in progress relates to Second Hand Rose and is expected to be placed in service in 2023.

## Turning Point, Inc.

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Notes to Financial Statements  
September 30, 2022 and 2021

### 3. Paycheck Protection Program

On May 4, 2020, the Organization received proceeds in the amount of \$500,000 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization recorded the funds as a refundable advance and forgiveness is recorded in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. Any unforgiven portion is payable over 2 years at an interest rate of 1% with payments deferred until the SBA remits the Organization's loan forgiveness amount to the lender, or, if the Organization does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

During the year ended September 30, 2021, the Organization met the PPP's loan forgiveness requirements for a portion of the loan, and therefore, applied for forgiveness during June of 2021. Legal release was received during July of 2021, therefore, the Organization recorded forgiveness income of \$487,925 within its statement of activities for the year ended September 30, 2021. A portion of the loan, \$12,075, was not forgiven, therefore, it will be required to be repaid with interest at 1%, over 3.5 years in installments of \$293 beginning on November 10, 2021. The outstanding PPP loan balance was \$9,132 and \$12,075 at September 30, 2022 and 2021, respectively and is included in long-term debt on the statements of financial position.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

### 4. Line of Credit

At September 30, 2022 and 2021, the Organization has a secured line of credit financing agreement with a bank and has available financing of \$300,000 and an interest rate of 0.9% above prime (total rate of 7.15% as of September 30, 2022). The line of credit is due on demand. There was no balance outstanding at September 30, 2022 and 2021. Collateral consists of substantially all of the Organization's assets.



## Turning Point, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 5. Debt

Debt consists of the following at September 30:

|  | <u>2022</u>     | <u>2021</u>      |
|--|-----------------|------------------|
| Equipment financing due in monthly installments of \$1,789, including 5.16% interest, due November 2022. | \$ 2,856        | \$ 22,509        |
| Paycheck Protection Program loan (Note 3)  | <u>9,132</u>    | <u>12,075</u>    |
| Total  | 11,988          | 34,584           |
| Less current maturities  | <u>(6,293)</u>  | <u>(23,851)</u>  |
| Long-term maturities   | <u>\$ 5,695</u> | <u>\$ 10,733</u> |

Principal requirements on debt for years ending after September 30, 2022 are as follows:

|                            |                  |
|----------------------------|------------------|
| Years ending September 30: |                  |
| 2023                       | \$ 6,293         |
| 2024                       | 3,473            |
| 2025                       | <u>2,222</u>     |
| Total                      | <u>\$ 11,988</u> |

Debt interest charged to expense was \$3,190 and \$2,135 for the years ended September 30, 2022 and 2021.

### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of a United Way shelter grant for \$39,250, time restrictions of \$190,000 and other donor restricted funds of \$48,710 as of September 30, 2022. Net assets with donor restrictions are comprised of a United Way shelter grant for \$37,500 and other donor restricted funds of \$2,000 as of September 30, 2021.

### 7. Contributed Nonfinancial Assets

For the years ended September 30, contributed nonfinancial assets recognized within the statements of activities included:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| Second Hand Rose merchandise            | \$ 255,048        | \$ 282,756        |
| Household goods and personal care items | 194,071           | -                 |
| Raffle and silent auction items         | <u>11,202</u>     | <u>-</u>          |
|   | <u>\$ 460,321</u> | <u>\$ 282,756</u> |

The Organization recognized contributed nonfinancial assets within revenue, including the contributed merchandise. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

## Turning Point, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

Contributed merchandise was utilized as inventory for the Second Hand Rose resale shop, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed household goods and personal care items were utilized in the following programs: SANE, Survivor Support, Shelter and Management and General. In valuing household goods and personal care items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Raffle and silent auction items were used as part of the raffle and silent auction that is part of the Organization's annual fundraising events. Items are recorded at fair market value when the contribution is made to the organization. If the items are later sold at a different price during the auction, an adjustment is made to the original contribution amount.

### 8. Operating Leases

The Organization leases property under noncancelable operating leases. Rent expense was \$376,158 and \$227,308 for the years ended September 30, 2022 and 2021, respectively, requiring monthly payments ranging from \$700 and \$13,000 with various expiration dates through May 2030. The 76 S. Main Street location is leased from a related party. Rental expense to the related party was approximately \$96,000 and \$64,000 for the years ended September 30, 2022 and 2021, respectively. Total rent expense for building rental is included in occupancy expense.

Future minimum lease payments are as follows:

|                            |                     |
|----------------------------|---------------------|
| Years ending September 30: |                     |
| 2023                       | \$ 531,030          |
| 2024                       | 371,958             |
| 2025                       | 293,850             |
| 2026                       | 265,950             |
| 2027                       | 148,000             |
| 2028 and thereafter        | <u>256,000</u>      |
| Total                      | <u>\$ 1,866,788</u> |

### 9. Related-Party Transactions

During the year ended September 30, 2022, the Organization purchased services from a company related to a member of the Board. Related party purchases during 2022 totaled \$98,530.

## Turning Point, Inc.

Notes to Financial Statements  
September 30, 2022 and 2021

### 10. Liquidity and Availability

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses, debt payments and fixed asset additions not financed with debt are as follows:

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Total current assets, at year-end  | \$ 1,959,210        | \$ 1,960,633        |
| Less nonfinancial assets:  |                     |                     |
| Prepaid expenses   | 117,766             | 123,354             |
| Contributed inventories  | <u>50,072</u>       | <u>45,180</u>       |
| Financial assets, at year-end  | 1,791,372           | 1,792,099           |
| Less net assets with donor restrictions not available within one year                  | <u>277,960</u>      | <u>39,500</u>       |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,513,412</u> | <u>\$ 1,752,599</u> |

The Organization's practice is to structure its financial assets to be available as its general expenditures and other liabilities come due. Additionally, the Organization has access to a \$300,000 line of credit to use as needed.

### 11. Concentrations and Contingencies

The Organization maintains cash balances in financial institutions which exceed the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk.

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

### 12. New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. ASU No. 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021 (2023). Management is currently assessing the effect that ASU No. 2016-02 will have on its financial statements.

**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 of  
Turning Point, Inc.

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 (*Government Auditing Standards*), the financial statements of Turning Point, Inc. (the Organization), which comprise the Organization's statement of financial position as of September 30, 2022, 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 June 19, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

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

## **The Organization's Response to Finding**

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

## **Purpose of This Report**

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

*Baker Tilly US, LLP*

Southfield, Michigan  
June 19, 2023

**Report on Compliance  
for the Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of  
Turning Point, Inc.

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

***Opinion on the Major Federal Program***

We have audited Turning Point, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

## **Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Baker Tilly US, LLP*

Southfield, Michigan  
June 19, 2023



**Turning Point, Inc.**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

| <b>Federal Grantor<br/>Pass-Through Grantor/Program Title</b>  | <b>Federal<br/>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|--|--|--|---------------------------------|
| <b>U.S. Department of Housing and Urban Development</b>  |  |  |                                 |
| Passed through Macomb County and Various Cities<br>Community Development Block Grant                             | 14.218   | Various                                      | \$ <u>30,089</u>                |
| Total CDBG - Entitlement Grants Cluster  |  |  | <u>30,089</u>                   |
| Passed through Macomb County   |  |  |                                 |
| Emergency Solutions Grant Program  | 14.231   | E-21-UC-26-0005                              | 13,193                          |
| Emergency Solutions Grant Program  | 14.231   | E-20-UC-26-0005                              | 16,545                          |
| Emergency Solutions Grant Program  | 14.231   | E-20-UW-26-0005                              | 47,970                          |
| Passed through Michigan Department of Health and<br>Human Services:  |  |  |                                 |
| Emergency Solutions Grant Program  | 14.231   | E20223207-00                                 | 35,954                          |
| Emergency Solutions Grant Program  | 14.231   | E02003694-001                                | <u>38,890</u>                   |
| Total Emergency Solutions Grant Program  |  |  | 152,552                         |
| Direct:  |  |  |                                 |
| Continuum of Care Program  | 14.267   | Not applicable                               | <u>134,012</u>                  |
| Total U.S. Department of Housing and Urban<br>Development  |  |  | <u>316,653</u>                  |
| <b>U.S. Department of Justice</b>  |  |  |                                 |
| Passed through Michigan Department of Health and<br>Human Services   |  |  |                                 |
| Crime Victim Assistance  | 16.575   | E20223703-00                                 | 924,219                         |
| Crime Victim Assistance  | 16.575   | E20223602-00                                 | 490,678                         |
| Crime Victim Assistance  | 16.575   | E20222027-00                                 | 206,208                         |
| Crime Victim Assistance  | 16.575   | E20224837-00                                 | <u>86,318</u>                   |
| Total Crime Victim Assistance  |  |  | 1,707,423                       |
| Family Violence Prevention and Services/Domestic<br>Violence Shelter and Support                                 | 16.588   | E20222338-00                                 | 193,113                         |
| Direct:  |  |  |                                 |
| Transitional Housing Assistance for Victims of Domestic<br>Violence, Dating Violence, Stalking or Sexual Assault | 16.736   | Not applicable                               | <u>197,480</u>                  |
| Total U.S. Department of Justice   |  |  | <u>2,098,016</u>                |

**Turning Point, Inc.**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

| <b>Federal Grantor<br/>Pass-Through Grantor/Program Title</b>                                      | <b>Federal<br/>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|--|--|--|---------------------------------|
| <b>U.S. Department of Health and Human Services</b>  |  |  |                                 |
| Passed through Michigan Department of Health and Human Services:                                   |  |  |                                 |
| Sexual Assault Services  | 93.558   | E20223403-00                                 | \$ 78,535                       |
| Temporary Assistance for Needy Families  | 93.558   | E20223696-00                                 | 85,064                          |
| Temporary Assistance for Needy Families  | 93.558   | E20223345-00                                 | <u>28,977</u>                   |
| Total 477 Cluster  |  |  | <u>192,576</u>                  |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services          |  |  |                                 |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services          | 93.671   | E20223695-00                                 | 26,809                          |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services          | 93.671   | E20223208-00                                 | 57,246                          |
| COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671   | E20215241-00                                 | <u>2,789</u>                    |
| Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services    |  |  | <u>86,844</u>                   |
| Total U.S. Department of Health and Human Services   |  |  | <u>279,420</u>                  |
| <b>U.S. Department of Homeland Security</b>  |  |  |                                 |
| Passed through United Way:   |  |  |                                 |
| Emergency Food and Shelter National Board Program  | 97.024   | 474600-007                                   | <u>25,000</u>                   |
| Total U.S. Department of Homeland Security   |  |  | <u>25,000</u>                   |
| Total Expenditures of Federal Awards   |  |  | <u>\$ 2,719,089</u>             |

## **Turning Point, Inc.**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2022

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Turning Point, Inc (the Organization) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **3. 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 2022 and 2021. The number of hours of service was 11,000 and 9,500 for the years ended September 30, 2022 and 2021, respectively. The Organization estimates that it would pay \$190,000 and \$167,000 for such services in 2022 and 2021, respectively. The Organization has applied no volunteer time to matching grants for the years ended September 30, 2022 and 2021, respectively.

### **4. Indirect Cost Rate**

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

# Turning Point, Inc.

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

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## Section I: Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

    X     yes                 no

Significant deficiency(ies) identified?

           yes          X     none reported

Noncompliance material to financial statements noted?

           yes          X     no

### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

           yes          X     no

Significant deficiency(ies) identified?

           yes          X     none reported

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

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

           yes          X     no

Identification of major federal programs:

#### Assistance Listing Number

16.575

#### Name of Federal Program or Cluster

Crime Victim Assistance

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

\$750,000

Auditee qualified as low-risk auditee?

           yes          X     no

## Turning Point, Inc.

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

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### Section II: Financial Statement Findings

#### 2022-001

*Criteria:* The Organization should have internal controls in place to prepare a complete set of accurate financial statements including all appropriate footnote disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP) and the Schedule of Expenditures of Federal Awards (SEFA) in compliance with the appropriate standards, in a timely manner.

*Statement of Condition:* Management did not prepare accurate financial statements, appropriate disclosures and the SEFA as required in a timely manner.

*Effect:* Without proper controls over financial reporting, the Organization could report inaccurate information or materially misstate their financial condition and activity. The financial statements and SEFA provided by management required adjustments to be in conformance with GAAP and government requirements.

*Cause:* The Organization did not have effective controls in place to prepare and review complete and accurate financial statements, footnotes and the SEFA.

*Recommendation:* The Organization should implement processes and controls to prepare and review timely, regular, accurate financial statements, including notes and the SEFA, that are in accordance with GAAP and other government requirements.

*Management's Response:* The Organization agrees and concurs with the audit finding. Management will modify the roles and responsibilities of the Finance Department to ensure that the internal financial statements are compliant with GAAP and the interim SEFA is prepared and reviewed on a consistent, timely basis by the Finance Committee and Chief Financial Officer.

### Section III: Federal Award Findings and Questioned Costs

There were no findings or questioned costs.

**Turning Point, Inc.**

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2022

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The prior year single audit disclosed no findings and therefore no uncorrected or unresolved findings exist from prior single audits.