

Turning Point, Inc.

Financial Statements

September 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025 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 *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Southfield, Michigan
June 25, 2025

Turning Point, Inc.Statements of Financial Position
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 148,364	\$ 739,183
Restricted cash	601,663	-
Grants receivable	360,131	373,609
Service fees receivable	56,615	44,915
Pledges receivable	18,250	42,000
Prepaid expenses	87,437	132,861
Contributed inventories	<u>65,336</u>	<u>51,229</u>
Total current assets	1,337,796	1,383,797
Operating Lease Right-of-Use Assets	973,400	1,194,108
Property and Equipment, Net	<u>3,280,241</u>	<u>3,468,984</u>
Total assets	<u>\$ 5,591,437</u>	<u>\$ 6,046,889</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 46,661	\$ 60,912
Accrued liabilities	862,270	194,818
Current maturities of operating lease liabilities	330,418	305,838
Line of credit	<u>300,000</u>	<u>-</u>
Total current liabilities	1,539,349	561,568
Long-Term Liabilities		
Operating lease liabilities, net of current maturities	<u>642,982</u>	<u>888,270</u>
Total liabilities	<u>2,182,331</u>	<u>1,449,838</u>
Net Assets		
Net assets without donor restrictions	3,266,959	4,452,874
Net assets with donor restrictions	<u>142,147</u>	<u>144,177</u>
Total net assets	<u>3,409,106</u>	<u>4,597,051</u>
Total liabilities and net assets	<u>\$ 5,591,437</u>	<u>\$ 6,046,889</u>

See notes to financial statements

Turning Point, Inc.

Statements of Activities

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Second Hand Rose						
Retail sales	\$ 393,119	\$ -	\$ 393,119	\$ 307,931	\$ -	\$ 307,931
In-kind merchandise contributions	339,477	-	339,477	256,279	-	256,279
Less cost of goods sold	(325,371)	-	(325,371)	(255,121)	-	(255,121)
Net revenue	407,225	-	407,225	309,089	-	309,089
Contributions	618,429	97,981	716,410	1,540,499	128,501	1,669,000
Special events (net of expenses of \$88,191 and \$81,644 for 2024 and 2023, respectively)	138,961	-	138,961	149,502	-	149,502
Governmental agency and other grants	4,657,900	44,166	4,702,066	3,890,877	15,676	3,906,553
Interest income	1,202	-	1,202	4,829	-	4,829
In-kind contributions	290,418	-	290,418	199,826	-	199,826
Total support and revenue before releases	6,114,135	142,147	6,256,282	6,094,622	144,177	6,238,799
Net assets released from restrictions	144,177	(144,177)	-	277,960	(277,960)	-
Total support and revenue	6,258,312	(2,030)	6,256,282	6,372,582	(133,783)	6,238,799
Expenses						
Program	5,657,402	-	5,657,402	5,275,078	-	5,275,078
Management and general	1,547,995	-	1,547,995	1,082,565	-	1,082,565
Fundraising	238,830	-	238,830	224,909	-	224,909
Total expenses	7,444,227	-	7,444,227	6,582,552	-	6,582,552
Change in net assets	(1,185,915)	(2,030)	(1,187,945)	(209,970)	(133,783)	(343,753)
Net Assets, Beginning	4,452,874	144,177	4,597,051	4,662,844	277,960	4,940,804
Net Assets, Ending	<u>\$ 3,266,959</u>	<u>\$ 142,147</u>	<u>\$ 3,409,106</u>	<u>\$ 4,452,874</u>	<u>\$ 144,177</u>	<u>\$ 4,597,051</u>

See notes to financial statements

Turning Point, Inc.

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,187,945)	\$ (343,753)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	269,495	213,533
Increase in contributed inventories	(14,107)	(1,157)
Changes in assets and liabilities:		
Grants receivable	13,478	180,915
Service fees receivable	(11,700)	(20,315)
Pledges receivable	23,750	148,000
Prepaid expenses	45,424	(15,095)
Accounts payable	(14,251)	(49,511)
Accrued liabilities	<u>667,452</u>	<u>8,286</u>
Net cash flows from operating activities	<u>(208,404)</u>	<u>120,903</u>
Cash Flows From Investing Activities		
Capital expenditures	<u>(80,752)</u>	<u>(391,980)</u>
Cash Flows From Financing Activities		
Proceeds from line of credit	300,000	-
Principal payments on long-term debt	<u>-</u>	<u>(11,988)</u>
Net cash flows from financing activities	<u>300,000</u>	<u>(11,988)</u>
Net change in cash and cash equivalents	10,844	(283,065)
Cash and Cash Equivalents, Beginning	<u>739,183</u>	<u>1,022,248</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 750,027</u></u>	<u><u>\$ 739,183</u></u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Statements of Financial Position		
Cash and cash equivalents	\$ 148,364	\$ 739,183
Restricted cash	<u>601,663</u>	<u>-</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 750,027</u></u>	<u><u>\$ 739,183</u></u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	<u><u>\$ 17,837</u></u>	<u><u>\$ 2,152</u></u>
Noncash Operating Activities		
Right-of-use assets obtained in exchange for operating lease liabilities, net at October 1, 2022	<u><u>\$ -</u></u>	<u><u>\$ 1,426,169</u></u>
Right-of-use assets financed with operating lease liabilities	<u><u>\$ 133,117</u></u>	<u><u>\$ 157,661</u></u>

See notes to financial statements

Turning Point, Inc.

Statement of Functional Expenses Year Ended September 30, 2024

	Community Development	SANE	Survivor Support	PPO/Legal Services	Shelter	Second Hand Rose	Human Trafficking	Total Program	Management and General	Fundraising	Total
Salaries	\$ 240,899	\$ 493,111	\$ 515,122	\$ 164,771	\$ 803,514	\$ 298,427	\$ 91,830	\$ 2,607,674	\$ 783,698	\$ 144,267	\$ 3,535,639
Payroll taxes and benefits	39,269	110,753	104,429	54,441	185,504	40,054	11,969	546,419	142,519	38,394	727,332
Total salaries and related expenses	280,168	603,864	619,551	219,212	989,018	338,481	103,799	3,154,093	926,217	182,661	4,262,971
Cost of goods sold	-	-	-	-	-	325,371	-	325,371	-	-	325,371
Contract services	3,132	109,989	78,472	1,569	36,041	15,917	10,418	255,538	363,856	4,597	623,991
Dues, licenses and fees	1,344	15,307	1,409	159	329	9,272	-	27,820	17,024	3,851	48,695
Equipment purchase and rental	681	5,117	261	231	61,414	20,116	-	87,820	7,841	-	95,661
In-kind expenses	-	3,150	24,766	-	234,741	-	-	262,657	14,342	13,419	290,418
Insurance	4,229	7,989	11,294	3,963	14,754	12,705	1,798	56,732	10,331	2,711	69,774
Interest	-	-	-	-	7	-	-	7	19,072	-	19,079
Occupancy	22,569	4,461	41,220	452	99,736	192,923	13,837	375,198	50,566	13,838	439,602
Special events	-	-	-	-	-	-	-	-	-	88,191	88,191
Printing, publications and conferences	4,168	8,527	4,402	736	7,752	560	2,372	28,517	9,136	7,639	45,292
Specific assistance	659	16,157	223,816	578	599,593	308	217,140	1,058,251	546	-	1,058,797
Supplies and materials	2,456	6,436	4,090	436	35,114	2,102	2,147	52,781	67,530	3,156	123,467
Telephone and communications	2,710	7,371	2,091	942	11,778	2,932	-	27,824	23,434	-	51,258
Travel and transportation	5,255	3,998	390	2,271	12,732	3,245	1,711	29,602	9,167	-	38,769
Miscellaneous	-	-	-	-	-	-	-	-	-	6,958	6,958
Expenses before depreciation and amortization	327,371	792,366	1,011,762	230,549	2,103,009	923,932	353,222	5,742,211	1,519,062	327,021	7,588,294
Depreciation and amortization	-	10,303	-	-	101,759	119,522	8,978	240,562	28,933	-	269,495
Less special events	-	-	-	-	-	-	-	-	-	(88,191)	(88,191)
Less cost of goods sold	-	-	-	-	-	(325,371)	-	(325,371)	-	-	(325,371)
Total expenses	<u>\$ 327,371</u>	<u>\$ 802,669</u>	<u>\$ 1,011,762</u>	<u>\$ 230,549</u>	<u>\$ 2,204,768</u>	<u>\$ 718,083</u>	<u>\$ 362,200</u>	<u>\$ 5,657,402</u>	<u>\$ 1,547,995</u>	<u>\$ 238,830</u>	<u>\$ 7,444,227</u>

See notes to financial statements

Turning Point, Inc.

Statement of Functional Expenses Year Ended September 30, 2023

	Community Development	SANE	Survivor Support	PPO/Legal Services	Shelter	Second Hand Rose	Human Trafficking	Total Program	Management and General	Fundraising	Total
Salaries	\$ 229,675	\$ 228,291	\$ 410,892	\$ 165,034	\$ 1,021,794	\$ 300,694	\$ 86,175	\$ 2,442,555	\$ 458,066	\$ 140,606	\$ 3,041,227
Payroll taxes and benefits	27,807	45,377	100,089	55,349	220,440	45,266	10,835	505,163	111,116	8,885	625,164
Total salaries and related expenses	257,482	273,668	510,981	220,383	1,242,234	345,960	97,010	2,947,718	569,182	149,491	3,666,391
Cost of goods sold	-	-	-	-	-	255,121	-	255,121	-	-	255,121
Contract services	23,797	100,254	61,946	3,603	119,710	17,957	9,231	336,498	236,768	27,002	600,268
Dues, licenses and fees	657	1,380	217	7	1,816	6,671	49	10,797	13,402	2,916	27,115
Equipment purchase and rental	631	15,243	-	-	61,380	60,958	-	138,212	21,084	-	159,296
In-kind expenses	-	680	11,855	-	152,522	-	-	165,057	14,502	20,267	199,826
Insurance	3,971	9,706	4,338	49	17,393	5,869	5,319	46,645	21,194	372	68,211
Interest	-	-	-	-	13	-	-	13	2,852	-	2,865
Occupancy	40,505	2,790	77,445	1,211	104,362	249,578	4,413	480,304	81,947	8,218	570,469
Special events	-	-	-	-	-	-	-	-	-	81,644	81,644
Printing, publications and conferences	9,416	3,679	2,362	771	11,916	1,145	376	29,665	31,185	11,639	72,489
Specific assistance	9,680	1,907	134,179	761	608,380	16	18,745	773,668	-	-	773,668
Supplies and materials	5,706	9,525	5,174	1,645	39,526	30,483	12,511	104,570	36,942	2,526	144,038
Telephone and communications	3,115	10,432	2,898	257	13,003	4,280	-	33,985	10,915	-	44,900
Travel and transportation	7,149	1,223	564	2,205	8,209	3,114	882	23,346	13,659	-	37,005
Miscellaneous	-	-	-	-	-	-	-	-	-	2,478	2,478
Expenses before depreciation and amortization	362,109	430,487	811,959	230,892	2,380,464	981,152	148,536	5,345,599	1,053,632	306,553	6,705,784
Depreciation and amortization	-	10,303	-	-	98,089	67,230	8,978	184,600	28,933	-	213,533
Less special events	-	-	-	-	-	-	-	-	-	(81,644)	(81,644)
Less cost of goods sold	-	-	-	-	-	(255,121)	-	(255,121)	-	-	(255,121)
Total expenses	<u>\$ 362,109</u>	<u>\$ 440,790</u>	<u>\$ 811,959</u>	<u>\$ 230,892</u>	<u>\$ 2,478,553</u>	<u>\$ 793,261</u>	<u>\$ 157,514</u>	<u>\$ 5,275,078</u>	<u>\$ 1,082,565</u>	<u>\$ 224,909</u>	<u>\$ 6,582,552</u>

See notes to financial statements

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

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.

Restricted Cash

During fiscal year 2024, the Organization received approximately \$600,000 from a health insurance company in error. These funds are classified as restricted cash on the statements of financial position and the amount owed to the health insurance company is included in accrued liabilities. The Organization intends to repay the balance within the next year.

Grants Receivable

Grants receivable have been adjusted for all known uncollectible accounts. All grants receivable are considered fully collectible and no allowance for doubtful accounts is considered necessary as of September 30, 2024 and 2023.

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, 2024 and 2023. All pledges are expected to be collected in the subsequent period.

Service Fees Receivable Prior to October 1, 2023

Service fees receivable have been recorded at the amount that management expects to receive from the net transaction price. Historically, the Organization has collected substantially all consideration to which it is entitled under the receivables and no adjustments to the net transaction price were recorded during the years ending September 30, 2024 and 2023.

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

Service Fees Receivable After October 1, 2023

The Organization recognizes an allowance for credit losses for accounts receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date.

Receivables are written off when the Organization determines that such receivables are deemed uncollectible. The Organization pools its receivables based on similar characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continually evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the loss rate method, primarily based on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. All accounts receivables of the Organization are due in one year or less.

Contract assets consist of the following:

	<u>October 1, 2022</u>	<u>September 30, 2023</u>	<u>September 30, 2024</u>
Service fees receivable	\$ 24,600	\$ 44,915	\$ 56,615

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 at the date of donation.

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 and right-of-use 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.

Net Assets

Net assets, revenues and support 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, 2024 and 2023.

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.

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 \$339,477 and \$256,279 as in-kind merchandise contributions in the accompanying statements of activities for the years ended September 30, 2024 and 2023, respectively. Selling and administration expense incurred to operate Second Hand Rose was \$718,083 and \$793,261 for the years ended September 30, 2024 and 2023, respectively. The net deficit from these activities, prior to depreciation and amortization of \$119,522, was \$191,336 for 2024. The net deficit from these activities, prior to depreciation and amortization of \$67,230, was \$416,942 for 2023.

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.

As of September 30, 2024 and 2023, the Organization had approximately \$3,530,000 and \$2,250,000 of conditional support expected to be recognized in future periods, where the barrier includes incurring qualifying program expenses, respectively.

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 2024 and 2023. The number of hours of service was approximately 7,866 and 8,000 for the years ended September 30, 2024 and 2023, respectively. The Organization estimates that it would pay approximately \$154,000 and \$135,000 for such services in 2024 and 2023, respectively, if not donated. The Organization has applied no volunteer time to matching grants for the years ended September 30, 2024 and 2023. 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, 2024 and 2023.

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.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. All of the Organization's leases are operating leases. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term.

The Organization's leases consist of real estate leases. Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

The Organization elected the following lease policies:

- The package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.
- The Organization has elected the policy not to separate lease and nonlease components for all asset classes;
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate based on U.S. Treasury notes or bond rates for a similar term for the initial and subsequent measurement of lease liabilities;
- The Organization elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term;

Additional required disclosures are contained in Note 7.

Subsequent Events

The Organization has evaluated subsequent events through June 25, 2025, which is the date that the financial statements were approved and available to be issued.

2. Property and Equipment

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

	Depreciable Lives	2024	2023
Land	N/A	\$ 36,600	\$ 36,600
Buildings and building improvements	40 yrs.	3,667,833	3,667,833
Motor vehicles	5 yrs.	129,381	129,381
Equipment	5 yrs.	265,179	184,427
Furniture and fixtures	5-7 yrs.	81,137	81,137
Leasehold improvements	Life of lease	<u>1,007,800</u>	<u>1,007,800</u>
Total property and equipment		5,187,930	5,107,178
Less accumulated depreciation and amortization		<u>(1,907,689)</u>	<u>(1,638,194)</u>
Net property and equipment		<u>\$ 3,280,241</u>	<u>\$ 3,468,984</u>

Depreciation and amortization for the years ended September 30, 2024 and 2023 was \$269,495 and \$213,533, respectively.

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

3. Debt

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). 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.

Legal release from a portion of the loan 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 was 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 at September 30, 2023, which was repaid in 2023.

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.

The Organization also had \$2,856 of an equipment financing loan outstanding as of September 30, 2023. The full outstanding amount was paid during the year ending September 30, 2023.

4. Line of Credit

At September 30, 2024 and 2023, 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 8.90% as of September 30, 2024). The line of credit is due on demand. The balance outstanding at September 30, 2024 and 2023 was \$300,000 and \$0, respectively. Collateral consists of substantially all of the Organization's assets.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of the following at September 30:

	<u>2024</u>	<u>2023</u>
Forensic nurse examiner program	\$ 74,897	\$ 109,994
United Way policy and advocacy grant	19,603	15,675
United Way basic needs	24,563	-
Other	23,084	18,508
	<u>\$ 142,147</u>	<u>\$ 144,177</u>

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

6. Contributed Nonfinancial Assets

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

	<u>2024</u>	<u>2023</u>
Second Hand Rose merchandise	\$ 339,477	\$ 256,279
Household goods and personal care items	276,999	179,559
Raffle and silent auction items	<u>13,419</u>	<u>20,267</u>
	<u>\$ 629,895</u>	<u>\$ 456,105</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.

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 areas: 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.

7. Leases

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of September 30:

	2024	2023
Right-of-use assets, operating	<u>\$ 973,400</u>	<u>\$ 1,194,108</u>
Operating lease liabilities:		
Current	\$ 330,418	\$ 305,838
Long-term	<u>642,982</u>	<u>888,270</u>
Total operating lease liabilities	<u>\$ 973,400</u>	<u>\$ 1,194,108</u>

The Organization leased real estate from a related party. Right-of-use assets and lease liabilities leased from a related party during the year ended September 30, 2023 were approximately \$0 and \$560,000 as of September 30, 2024 and 2023, respectively.

Operating lease expenses incurred pertaining to leases during the year ended September 30, 2024 and 2023, totaled \$399,092 and \$434,187, respectively. Short term lease expenses totaled \$308,557 and \$327,470 during the year ended September 30, 2024 and 2023, respectively.

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 4.11% and 4.07% as of September 30, 2024 and 2023, respectively. As of September 30, 2024 and 2023, the weighted average remaining lease term was approximately 3.84 and 4.71 years, respectively.

The table below summarizes the Organization's scheduled future minimum lease payments for the years ending after September 30, 2024:

Years ending September 30:	
2025	\$ 375,569
2026	270,977
2027	147,581
2028	96,000
2029	96,000
Thereafter	<u>64,000</u>
Total future undiscounted lease payments	1,050,127
Less present value discount	<u>(76,727)</u>
Present value of lease liabilities	<u>\$ 973,400</u>

The following table includes supplemental cash flow and noncash information related to the operating leases:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 399,092	\$ 434,941
ROU assets in exchange for lease liabilities	133,117	-

Turning Point, Inc.

Notes to Financial Statements
September 30, 2024 and 2023

8. Related-Party Transactions

During the year ended September 30, 2024, there were no related party transactions.

During the year ended September 30, 2023, the Organization purchased services and rented space from companies related to members of the Board. Related-party purchases during 2023 totaled \$183,965 and rent was \$96,000.

9. 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>2024</u>	<u>2023</u>
Total current assets, at year-end	\$ 1,337,796	\$ 1,383,797
Less nonfinancial assets:		
Restricted cash	601,663	-
Prepaid expenses	87,437	132,861
Contributed inventories	<u>65,336</u>	<u>51,229</u>
Financial assets, at year-end	583,360	1,199,707
Less net assets with donor restrictions not available within one year	<u>142,147</u>	<u>144,177</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 441,213</u>	<u>\$ 1,055,530</u>

The Organization's practice is to structure its financial assets to be available as its general expenditures and other liabilities come due.

10. Concentrations and Contingencies

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.

11. Concentrations

Concentrations of credit risk primarily includes cash and cash equivalents, grants receivable and pledges receivable. 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.

At September 30, 2024 and 2023, approximately 54% and 69%, respectively, of grants receivables were due from one government organization. During the years ended September 30, 2024 and 2023, approximately 75% and 78%, respectively, of governmental agency and other grants revenue were from one government organization.

12. New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments-Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

For financial instruments included in the scope, the CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On October 1, 2023, the Organization adopted the ASU using the modified retrospective approach. The adoption of ASU 2016-13 had no material impact on the financial statements for the year ended September 30, 2024.