

TURNING POINT, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

TURNING POINT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Turning Point, Inc.

Opinion

We have audited the accompanying financial statements of Turning Point, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Turning Point, Inc. as of June 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Turning Point, Inc. 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 these 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 Turning Point, Inc.'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 auditing conducted in accordance with generally accepted auditing standards 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 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 generally accepted auditing standards 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 Turning Point, Inc.'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 Turning Point, Inc.'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 a report dated October 10, 2024, on our consideration of Turning Point, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Turning Point, Inc.'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 Turning Point, Inc.'s internal control over financial reporting and compliance.

Aprio, LLP

TURNING POINT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current assets</u>		
Cash	\$ 2,383,400	\$ 1,915,885
Pledges receivable	62,250	20,785
Grants receivable	45,555	123,525
Inventory	269,904	178,255
Operating right-of-use asset	60,366	67,846
Other current assets	<u>9,167</u>	<u>9,378</u>
Total current assets	<u>2,830,642</u>	<u>2,315,674</u>
<u>Noncurrent assets</u>		
Investments	263,729	240,558
Endowment fund	238,732	221,448
Pledges receivable - long-term	60,000	-
Deposits	-	3,500
Operating right-of-use asset, net of current portion	20,520	80,886
Predevelopment costs	28,282	14,985
Property and equipment, net	<u>1,128,942</u>	<u>1,080,049</u>
Total noncurrent assets	<u>1,740,205</u>	<u>1,641,426</u>
Total assets	<u>\$ 4,570,847</u>	<u>\$ 3,957,100</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable and accrued expenses	\$ 35,728	\$ 29,280
Deferred revenue	269,904	178,255
Operating lease liability	61,951	67,632
Current portion of note payable	18,744	18,744
Other current liabilities	<u>11,809</u>	<u>-</u>
Total current liabilities	<u>398,136</u>	<u>293,911</u>
<u>Long-term liabilities</u>		
Operating lease liability, net of current portion	21,258	83,209
Note payable, net of current portion	<u>7,424</u>	<u>26,179</u>
Total long-term liabilities	<u>28,682</u>	<u>109,388</u>
Total liabilities	<u>426,818</u>	<u>403,299</u>
<u>Net assets</u>		
Net assets without donor restrictions	3,801,961	3,383,983
Net assets with donor restrictions	<u>342,068</u>	<u>169,818</u>
Total net assets	<u>4,144,029</u>	<u>3,553,801</u>
Total liabilities and net assets	<u>\$ 4,570,847</u>	<u>\$ 3,957,100</u>

See independent auditors' report and accompanying notes.

TURNING POINT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	June 30, 2024			June 30, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and Other Support						
Contributions	\$ 228,868	\$ 172,250	\$ 401,118	\$ 337,727	\$ -	\$ 337,727
Grants	1,429,439	-	1,429,439	1,416,281	-	1,416,281
United Way support	<u>76,334</u>	<u>-</u>	<u>76,334</u>	<u>69,419</u>	<u>-</u>	<u>69,419</u>
	<u>1,734,641</u>	<u>172,250</u>	<u>1,906,891</u>	<u>1,823,427</u>	<u>-</u>	<u>1,823,427</u>
Second Chance Boutiques	794,860	-	794,860	937,086	-	937,086
Less: store expenses	<u>(598,101)</u>	<u>-</u>	<u>(598,101)</u>	<u>(783,320)</u>	<u>-</u>	<u>(783,320)</u>
Net income from Second Chance Boutiques	<u>196,759</u>	<u>-</u>	<u>196,759</u>	<u>153,766</u>	<u>-</u>	<u>153,766</u>
Fundraising event income	252,969	-	252,969	285,119	-	285,119
Less: costs of direct benefits to donors	<u>(58,763)</u>	<u>-</u>	<u>(58,763)</u>	<u>(64,282)</u>	<u>-</u>	<u>(64,282)</u>
Net income from fundraising events	<u>194,206</u>	<u>-</u>	<u>194,206</u>	<u>220,837</u>	<u>-</u>	<u>220,837</u>
Other						
In-Kind donations	46,645	-	46,645	98,471	-	98,471
Gain on endowment fund	27,155	-	27,155	19,729	-	19,729
Gain on investments	23,171	-	23,171	21,277	-	21,277
Other income, net	<u>91,882</u>	<u>-</u>	<u>91,882</u>	<u>38,248</u>	<u>-</u>	<u>38,248</u>
Total other	<u>188,853</u>	<u>-</u>	<u>188,853</u>	<u>177,725</u>	<u>-</u>	<u>177,725</u>
Total revenues and other support	<u>2,314,459</u>	<u>172,250</u>	<u>2,486,709</u>	<u>2,375,755</u>	<u>-</u>	<u>2,375,755</u>
Expenses						
Program expenses	1,707,728	-	1,707,728	1,689,454	-	1,689,454
Management and general expenses	99,135	-	99,135	76,848	-	76,848
Fundraising expenses	<u>89,618</u>	<u>-</u>	<u>89,618</u>	<u>97,184</u>	<u>-</u>	<u>97,184</u>
Total expenses	<u>1,896,481</u>	<u>-</u>	<u>1,896,481</u>	<u>1,863,486</u>	<u>-</u>	<u>1,863,486</u>
Change in Net Assets	<u>\$ 417,978</u>	<u>\$ 172,250</u>	<u>\$ 590,228</u>	<u>\$ 512,269</u>	<u>\$ -</u>	<u>\$ 512,269</u>
Net Assets, Beginning of Year	\$ 3,383,983	\$ 169,818	\$ 3,553,801	\$ 2,871,714	\$ 169,818	\$ 3,041,532
Change in Net Assets	<u>417,978</u>	<u>172,250</u>	<u>590,228</u>	<u>512,269</u>	<u>-</u>	<u>512,269</u>
Net Assets, End of Year	<u>\$ 3,801,961</u>	<u>\$ 342,068</u>	<u>\$ 4,144,029</u>	<u>\$ 3,383,983</u>	<u>\$ 169,818</u>	<u>\$ 3,553,801</u>

See independent auditors' report and accompanying notes.

TURNING POINT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program	Management and General	Fundraising	Total
Compensation	\$ 1,039,765	\$ 59,727	\$ 74,442	\$ 1,173,934
Depreciation	155,448	9,356	6,236	171,040
Occupancy	138,426	7,330	5,780	151,536
Professional services	148,568	-	-	148,568
Communications and technology	62,708	-	-	62,708
Shelter food and supplies	59,771	-	-	59,771
Client assistance	30,167	-	-	30,167
Office expenses	13,093	7,868	155	21,116
Insurance	17,442	54	-	17,496
Travel and conferences	15,335	20	-	15,355
Bad debts	-	13,610	-	13,610
Dues and subscriptions	9,533	25	-	9,558
Printing and postage	8,993	320	-	9,313
Other	7,012	358	79	7,449
Miscellaneous fundraising	-	-	2,926	2,926
Interest	1,467	-	-	1,467
Bank and finance fees	-	307	-	307
Advertising	-	160	-	160
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 1,707,728</u>	<u>\$ 99,135</u>	<u>\$ 89,618</u>	<u>\$ 1,896,481</u>

See independent auditors' report and accompanying notes.

TURNING POINT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 1,055,900	\$ 52,096	\$ 57,345	\$ 1,165,341
Occupancy	139,512	7,325	5,493	152,330
Depreciation	131,254	7,900	5,265	144,419
Shelter food and supplies	103,011	-	-	103,011
Professional services	89,842	-	-	89,842
Communications and technology	49,740	2,622	-	52,362
Insurance	25,960	3,522	-	29,482
Client assistance	26,654	-	-	26,654
Miscellaneous fundraising	-	-	25,283	25,283
Office expenses	17,627	20	298	17,945
Travel and conferences	20,965	597	-	21,562
Printing and postage	11,212	1,002	-	12,214
Interest	7,704	-	-	7,704
Dues and subscriptions	7,080	220	-	7,300
Other	2,993	-	3,500	6,493
Bank and finance fees	-	1,033	-	1,033
Advertising	-	511	-	511
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 1,689,454</u>	<u>\$ 76,848</u>	<u>\$ 97,184</u>	<u>\$ 1,863,486</u>

See independent auditors' report and accompanying notes.

TURNING POINT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 590,228	\$ 512,269
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	171,040	144,419
Gain on endowment fund	(27,155)	(19,729)
Gain on investments	(23,171)	(21,277)
Amortization of operating right-of-use asset	67,846	-
(Increase) decrease in inventory	(91,649)	40,854
Increase (decrease) in deferred revenue	91,649	(40,854)
(Increase) decrease in pledges receivable	(101,465)	2,765
Decrease (increase) in grants receivable	77,970	(53,582)
Decrease in deposits	3,500	2,109
Decrease (increase) in other current assets	211	(3,276)
Increase (decrease) in accounts payable and accrued expenses	6,448	(400)
Increase in other current liabilities	11,809	-
Decrease in lease liability	<u>(67,632)</u>	<u>-</u>
Net cash provided by operating activities	<u>709,629</u>	<u>563,298</u>
<u>Cash flows from investing activities</u>		
Purchases of property and equipment	(219,933)	(215,185)
Predevelopment costs	(13,297)	(14,985)
Distributions from endowment fund	<u>9,871</u>	<u>9,815</u>
Net cash used in investing activities	<u>(223,359)</u>	<u>(220,355)</u>
<u>Cash flows from financing activities</u>		
Principal payments on notes payable	<u>(18,755)</u>	<u>(18,008)</u>
Net cash used in financing activities	<u>(18,755)</u>	<u>(8,193)</u>
Net change in cash	467,515	324,935
Cash, beginning of year	<u>1,915,885</u>	<u>1,590,950</u>
Cash, end of year	<u>\$ 2,383,400</u>	<u>\$ 1,915,885</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ 1,467</u>	<u>\$ 7,704</u>

See independent auditors' report and accompanying notes.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note A

Nature of Organization

Turning Point, Inc. (hereafter referred to as the "Organization") is a nonprofit organization formed in 1986, in Monroe, North Carolina, to provide victims of domestic violence and their dependent children with safe shelter while they learn to break free from their abuser. Professional staff and volunteers teach clients how to live an independent and violence free life through counseling, case management, victim's advocacy and a variety of other services tailored to meet the needs of each client. The Organization also educates the community about the devastation caused by violence in the home.

In 2015, Turning Point assumed the operations of the of the Sexual Assault Resource Center (SARC) and Tree House Children's Advocacy Center (CAC) from Safe Alliance in Union County. The SARC provides survivors of sexual assault with a 24/7 crisis line, hospital accompaniment, support groups, counseling, and advocacy appointments to assist with safety planning, crisis intervention, resource referrals, and court accompaniment. The Tree House CAC is a multi-disciplinary approach to child abuse investigations that provides forensic interviews, medical exams, trauma assessments, advocacy, counseling and support groups for children and their non-offending caregivers.

Second Chance Boutique is a resale store operated by the Organization which sells donated items with all profits going to help pay for the operational costs of the Organization. There are currently 2 store locations in Monroe and Waxhaw, North Carolina. The Second Chance Boutique Indian Trail storefront closed in September 2023. Second Chance Home Decor closed in April 2023.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

New Accounting Pronouncements:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption.

The Organization adopted CECL effective July 1, 2023, using the required modified retrospective approach. The adoption of CECL resulted in an immaterial cumulative effect adjustment recorded in retained earnings as of July 1, 2023. Financial assets and liabilities held by the Organization subject to the "expected credit loss" model prescribed by CECL include accounts receivable.

Accounts receivables are recorded at the time of billing. As a result of the adoption of ASU No. 2016-13, Financial Instruments - Credit Losses, the Organization changed its accounting policy for allowance for credit losses.

**TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B

Summary of Significant Accounting Policies (Continued)

The Organization monitors accounts receivable balances and estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at one financial institution, this balance can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At June 30, 2024 and 2023, the Organization's cash balance held at the financial institution exceeded the FDIC limit by \$2,074,959 and \$1,609,217, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

Inventory and Deferred Revenue:

The Second Chance Boutiques estimate inventory using sales turnover and average cost. All goods are donated and therefore have no associated cost. The revenue is recognized when the goods are sold, and the earnings process is complete. The deferred revenue on the accompanying balance sheet relates to the inventory held at the end of the year and will be recorded into earnings once the inventory is sold.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note B
Summary of Significant Accounting Policies (Continued)

Contributions, Grants, and Promises to Give:

The Organization records unconditional promises to give as support in the period the promise is received including contributions from private donors and grants. Conditional contributions are not recorded until the measurable performance barriers have been met and the right of return no longer applies. Accordingly amounts received but not yet recognized as revenue are classified as deferred revenue in the statements of financial position. As of June 30, 2024 and 2023, the Organization has \$231,935 and \$353,076 of additional revenues to be earned on various conditional grants, respectively.

The Organization provides an allowance for credit losses based upon a review of the outstanding unconditional promises to give, historical collection information and existing economic conditions. The Organization determines if unconditional promises to give are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with unconditional promises to give is the amount of the unconditional promises to give recorded, which is the face amount of the unconditional promises to give, net of the allowance for credit losses. Management has determined that no allowance was necessary at June 30, 2024 and 2023.

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases the net assets with donor restrictions. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the Organization reports the support as without donor restrictions. Contributions arising from unconditional promises to give that are expected to be collected beyond one year of the financial statements date are measured at the present value of estimated future cash flows.

Donated Goods and Services:

Donated goods are reflected as contributions in the accompanying statements of activities at their estimated fair values on the date of receipt. No amounts have been reflected in the statement for donated volunteer services because they do not meet the criteria for revenue recognition. During the years ended June 30, 2024 and 2023, donated goods totaled \$46,645 and \$98,471, respectively.

Investments and Endowment Funds:

The Organization has investments in exchange traded mutual funds and an endowment fund managed by Foundation for the Carolinas ("FFTC"). These are carried at fair value in the accompanying statements of financial position.

Fair Value Measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note B
Summary of Significant Accounting Policies (Continued)

The three general valuation techniques that may be used to measure fair value are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liability in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following are descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at June 30, 2024 and 2023:

Cash and cash equivalents: Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 inputs).

Fixed Income Securities: Fixed income securities are invested primarily in high grade fixed income securities, which are one to six years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchanges (Level 1 inputs).

Equity Securities and Mutual Funds: Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Predevelopment Costs:

Costs incurred during the predevelopment period in connection with potential future development are recorded as predevelopment costs on the accompanying statement of financial position. Predevelopment costs are periodically evaluated for recoverability and any amounts deemed unrecoverable are charged to expense.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for minor additions of equipment are charged to expense when incurred. The Organization capitalizes interest as a component of the cost of property and equipment when the property and equipment is constructed using borrowed funds.

**TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note B
Summary of Significant Accounting Policies (Continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Building and building improvements	10 - 27 years
Furniture, equipment and software	5 - 7 years
Vehicles	5 years

Leases:

The Organization adopted ASC 842 - Leases effective July 1, 2022, with all the available practical expedients, retrospectively at the beginning of the period of adoption. There was no retained earnings impact on the adoption of ASC 842. The Organization recognizes and measures its leases in accordance with ASC 842 Leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Organization's incremental borrowing rate, or a risk-free rate, determine using a period comparable with that of the lease term. The Organization elects to use the risk-free rate as the discount rate.

The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Organization accounts for both components as a single lease component.

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended June 30, 2024 and 2023, advertising expense totaled \$160 and \$511, respectively.

Functional Expenses:

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to the formula developed by management.

Tax Exempt Status:

The Organization is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes is required. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. The Organization is no longer subject to income tax examinations for tax years up to and including 2021.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note C

Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets available for general expenditure within one year:		
Cash	\$ 2,383,400	\$ 1,915,885
Pledges and grants receivable	107,805	144,310
Endowment fund	238,732	221,448
Investments	<u>263,729</u>	<u>240,558</u>
Total financial assets	2,993,666	2,522,201
Less: purpose restricted net assets	(50,000)	-
Less: restrictions for endowment	(169,818)	(169,818)
Less: long-term pledges receivable	<u>(60,000)</u>	<u>-</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,713,848</u>	<u>\$ 2,352,383</u>

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because the donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets as they relate to donor restrictions may not be available for general expenditure within one year.

Note D

Pledges Receivable

Pledges are recorded as revenue at estimated net realizable value based on historical trends.

As of June 30, 2024, pledges receivable are as follows:

2025	\$ 62,250
2026	<u>60,000</u>
Total pledges receivable	<u>\$ 122,250</u>

There were \$13,610 and \$0 of pledges written off for the years ended June 30, 2024 and 2023.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note E
Investments

Investments consisted of the following as of June 30, 2024 and 2023:

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Fixed income securities	\$ 216,765	\$ -	\$ -	\$ 216,795
Equity securities and mutual funds:				
Large cap	<u>46,964</u>	<u>-</u>	<u>-</u>	<u>46,964</u>
Total investments	263,729	-	-	263,729
Endowment fund	<u>-</u>	<u>-</u>	<u>238,732</u>	<u>238,732</u>
Total assets at fair value	<u>\$ 263,729</u>	<u>\$ -</u>	<u>\$ 238,732</u>	<u>\$ 502,461</u>

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Fixed income securities	\$ 202,423	\$ -	\$ -	\$ 202,423
Equity securities and mutual funds:				
Large cap	<u>38,135</u>	<u>-</u>	<u>-</u>	<u>38,135</u>
Total investments	240,558	-	-	240,558
Endowment fund	<u>-</u>	<u>-</u>	<u>221,448</u>	<u>221,448</u>
Total assets at fair value	<u>\$ 240,558</u>	<u>\$ -</u>	<u>\$ 221,448</u>	<u>\$ 462,006</u>

The table below rolls forward balances for Level 3 assets for the years ended June 30, 2024 and 2023:

	2024	2023
Balance, beginning of year	\$ 221,448	\$ 211,534
Change in value of endowment fund	27,155	19,729
Distributions	<u>(9,871)</u>	<u>(9,815)</u>
Balance, end of year	<u>\$ 238,732</u>	<u>\$ 221,448</u>

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note E
Investments (Continued)

The endowment fund is managed by Foundation for the Carolinas using a customized investment strategy. The Organization has no input in the underlying investment vehicles used to manage the fund, which includes a variety of fixed income and large and small cap equities and real estate assets. Given the fair value measurements use inputs that are unobservable, the Organization classifies the endowment fund as a Level 3 asset.

Note F
Property and Equipment

The following is a summary of property and equipment at cost at as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and building improvements	\$ 1,810,052	\$ 1,810,052
Furniture, equipment and software	716,210	536,277
Land	28,771	28,771
Vehicles	<u>175,552</u>	<u>135,552</u>
	2,730,585	2,510,652
Less: Accumulated depreciation	<u>(1,601,643)</u>	<u>(1,430,603)</u>
Property and equipment, net	<u>\$ 1,128,942</u>	<u>\$ 1,080,049</u>

Depreciation expense for the years ended June 30, 2024 and 2023, totaled \$171,040 and \$144,419, respectively.

Note G
Notes Payable

In November 2021, the Organization purchased a new truck financed with a note payable of \$74,552 bearing interest of 4%. The note will be repaid in monthly installment payments of \$1,683 over 48 months and is collateralized by the truck.

Payments due on the note payable as of June 30, 2024, are as follows:

<u>Year Ending June 30</u>	<u>Total Payment</u>
2025	\$ 18,744
2026	<u>7,424</u>
Total payments	<u>\$ 26,168</u>

**TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

Note H

Net Assets With Donor Restrictions

The Organization has an endowment with principal of \$169,818 included in net assets with donor restrictions as of June 30, 2024 and 2023. The earnings on the endowment are available for use in operations and are therefore classified as net assets without donor restrictions in the accompanying statements of activities. There was an additional \$50,000 of net assets with donor restrictions as of June 30, 2024, with the purpose of expanding the Organization. There were \$122,250 of net assets with donor restrictions as of June 30, 2024, with time restrictions. There were no other additional donor restricted net assets as of June 30, 2024 and 2023.

Note I

Endowment

The investment strategy for the endowment fund is for moderate growth and the balance of the portfolio is selected based on that objective. All investments are exposed to various risks, including interest rate risk, credit risk and unexpected volatility in market conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in value attributed to the associated risk in the near term could materially affect the amounts reported in the endowment fund.

Interpretation of Relevant Law:

The state of North Carolina adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2008. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent the explicit donor stipulations to the contrary. Accordingly, the classification of permanently restricted net assets includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note I
Endowment (Continued)

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that strive to expand the purchasing power of the endowment fund while providing for distributions based on its spending policy. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that approximate the stated spending objectives plus the consumer price index assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount with the primary objective for the Fund being preservation and growth of principal.

Spending Policy:

The Organization has a spending policy to use the funds for the intended purpose as set forth by the original donor when an appropriate opportunity arises. Currently, the Organization does not intend to spend the principle funds on the endowment.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the value that the donor or relevant law requires the Organization to retain as a fund of perpetual duration. The endowment corpus is \$152,798. There were no funds with deficiencies as of June 30, 2024 and 2023.

Note J
Second Chance Boutique

Second Chance Boutique is a thrift store that provides new and second hand clothing, home decor, furniture and more. the Boutique is supported by donations of goods from individuals, community organizations and businesses. The revenue generated by the sale of these goods is recorded at the time of the sale. Clients of the shelter are allowed to shop for items needed to set up a new home free of charge.

A summary of expenses for the stores are as follows:

	<u>2024</u>	<u>2023</u>
Compensation	\$ 411,123	\$ 513,840
Occupancy	140,809	210,994
Operational expenses	<u>46,169</u>	<u>58,486</u>
	<u>\$ 598,101</u>	<u>\$ 783,320</u>

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note J

Second Chance Boutique (Continued)

The Organization leases two retail storefronts for the Second Chance Boutique. The Monroe storefront is under a month-to-month lease with monthly payments of \$2,000. The Home Decor storefront was under a month-to-month lease with monthly payments of \$2,500 that ended in April 2023. The Waxhaw storefront was under a lease through October 2022 with monthly payments of \$4,600 through October 2020 and a 3% increase in monthly payments each year thereafter. On October 14, 2022, the lease was extended for an additional three years. The Indian Trail storefront was under a 2-year (renewable) lease which began in October 2022 with minimum monthly rent payments of \$3,000, and ended in September 2023.

Note K

Lease Commitments

In 2015, the Organization entered into a lease for office space for the SARC and Tree House CAC programs of \$37,800 per annum payable in equal monthly installments. Effective January 1, 2023, the lease payments increased to \$41,400 per annum. The lease has the option to be extended on a month to month basis until either party terminates the tenancy. Sixty days written notice is required and there are no plans to terminate as of the date of this report.

The Organization leases retail space under a noncancelable lease agreement with a term beginning November 1, 2019 through October 31, 2022. On October 14, 2022, this lease was extended through October 31, 2025.

The components of the leases for the year ended June 30, 2024, are as follows:

Operating lease cost	\$ 61,788
Cash paid for amounts included in the measurement of lease liabilities - operating lease	\$ 61,520
Lease liabilities arising from obtaining right of use assets	\$ -
Weighted-average remaining lease term (in years) - operating lease	1.33
Weighted-average discount rate - operating lease	2.85%

At June 30, 2024, future minimum lease payments under noncancelable leases were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 63,373
2026	<u>21,334</u>
Total undiscounted lease payments	84,707
Less: imputed interest	<u>(1,498)</u>
Total lease liability	<u>\$ 83,209</u>

TURNING POINT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note K

Lease Commitments (Continued)

Rent expense under these agreements totaled \$61,788 and \$98,652, respectively, for the years ended June 30, 2024 and 2023. Total rent expense for the years ended June 30, 2024 and 2023, totaled \$131,955 and \$176,493, respectively, which includes \$70,167 and \$77,841 of short term rent expense, respectively.

Note L

Donated Goods and Services

The Organization received the following donated goods and services during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Program supplies	\$ 30,645	\$ 74,555
Videography services	7,500	5,000
Food	4,270	10,900
Time and materials	4,230	1,805
Fundraising	<u>-</u>	<u>6,211</u>
Total	<u>\$ 46,645</u>	<u>\$ 98,471</u>

Donated services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Note M

Commitments

The Organization has various retail credit cards with a total aggregate limit of \$30,000. As of June 30, 2024 and 2023, the outstanding balances of \$8,247 and \$11,959, respectively, were included in the accompanying statements of financial position in accounts payable and accrued expenses. Additionally, the Organization has a line of credit of \$150,000 with an interest rate of 8.89% at June 30, 2024. The line of credit is collateralized by the Organization's personal property. There was no balance outstanding on the line of credit as of June 30, 2024 and 2023. This line is subject to renewal in November 2024.

Note N

Subsequent Events

Management considered all events through October 10, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any significant events that occurred subsequent to June 30, 2024, but prior to the issuance of this report, that would have a material impact on the financial statements.



INDEPENDENT AUDITORS' 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

To the Board of Directors
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, the financial statements of Turning Point, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Turning Point, Inc.'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 Turning Point, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Turning Point, Inc.'s internal control.

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

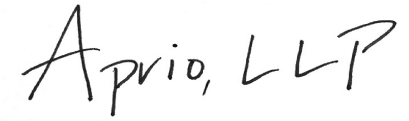
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia
October 10, 2024