



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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November 28, 2023

Board of Directors  
Turning Point SOC, Inc.  
1234 N. Courtland Ave.  
Kokomo, IN 46901

We have reviewed the audit report of Turning Point SOC, Inc., which was opined upon by RBSK Partners PC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Turning Point SOC, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on page 26. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 28.

In our opinion, RBSK Partners PC Group prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads 'Tammy R. White'.

Tammy R. White, CPA  
Deputy State Examiner



# Turning Point SOC, Inc.

## Single Audit Reports with Required Supplemental Information

December 31, 2022

# Turning Point SOC, Inc.

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## Independent Auditor's Report

Board of Directors  
Turning Point SOC, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Turning Point SOC, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Turning Point SOC, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turning Point SOC, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Turning Point SOC, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Auditor's 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 auditor's 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 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 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 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 SOC, 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 SOC, 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of Turning Point SOC, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Turning Point SOC, 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 SOC, Inc.'s internal control over financial reporting and compliance.

*RBSK Partners PC*

Greensburg, Indiana  
September 28, 2023

# Turning Point SOC, Inc.

## Statement of Financial Position

December 31,

<b>Assets</b>	<b>2022</b>
Current Assets:	
Cash and cash equivalents	\$ 154,306
Prepaid expenses	7,667
Grants receivable	<u>1,368,169</u>
Total current assets	<u>1,530,142</u>
Fixed Assets:	
Land	28,800
Buildings	2,157,816
Furniture and equipment	<u>318,721</u>
	2,505,337
Less - accumulated depreciation	<u>71,771</u>
Property and equipment, net	<u>2,433,566</u>
Other Assets:	
Operating lease right of use assets	<u>17,671</u>
<b>Total Assets</b>	<b><u>\$ 3,981,379</u></b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 56,539
Current portion of operating lease liability	17,671
Payroll withholdings	<u>85,729</u>
Total current liabilities	159,939
Custodian accounts held for others	<u>14,130</u>
Total liabilities	<u>174,069</u>
<b>Net Assets</b>	
Without donor restrictions	3,361,443
With donor restrictions	<u>445,867</u>
Total net assets	<u>3,807,310</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,981,379</u></b>

*Notes to financial statements are an integral part of these statements*

# Turning Point SOC, Inc.

## Statement of Activities

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Public Support</b>			
Public Support:			
Contributions	\$ 157,586	\$ ---	\$ 157,586
Fundraising	115,665	---	115,665
United Way	25,000	---	25,000
Total public support	<u>298,251</u>	<u>---</u>	<u>298,251</u>
Government Support:			
Grants	1,897,507	---	1,897,507
In-kind gift of property	---	---	---
Total government support	<u>1,897,507</u>	<u>---</u>	<u>1,897,507</u>
Services and fees	41,904	---	41,904
Leased employees	60,631	---	60,631
Interest	270	---	270
Other income	1,000	---	1,000
Net assets released from restrictions	<u>495,004</u>	<u>(495,004)</u>	<u>---</u>
Total Revenue and Support	<u>2,794,567</u>	<u>(495,004)</u>	<u>2,299,563</u>
<b>Functional Expenses</b>			
Program Service Expense			
Program services	2,570,056	---	2,570,056
Supporting Services Expense			
Management and general	311,526	---	311,526
Fundraising	12,046	---	12,046
Total Expenses	<u>2,893,628</u>	<u>---</u>	<u>2,893,628</u>
<b>Change in Net Assets</b>	<b>(99,061)</b>	<b>(495,004)</b>	<b>(594,065)</b>
Net Assets, Beginning	<u>3,460,504</u>	<u>940,871</u>	<u>4,401,375</u>
Net Assets, Ending	<u>\$ 3,361,443</u>	<u>\$ 445,867</u>	<u>\$ 3,807,310</u>

Notes to financial statements are an integral part of these statements

# Turning Point SOC, Inc.

## Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	1,451,808	161,312	---	1,613,120
Benefits	116,340	12,927	---	129,267
Payroll taxes	138,533	15,393	---	153,926
Total salaries, benefits, and taxes	<u>1,706,681</u>	<u>189,632</u>	<u>---</u>	<u>1,896,313</u>
Advertising	86,534	---	---	86,534
Travel/meeting expenses	42,578	4,731	---	47,309
Bank and card fees	1,520	169	---	1,689
Fundraising direct expenses	---	---	12,046	12,046
Insurance	20,385	2,265	---	22,650
Licenses and fees	2,306	256	---	2,562
Occupancy-rent, utilities, phone	96,074	10,675	---	106,749
Outside services	265,633	---	---	265,633
Office expense	---	85,091	---	85,091
Direct assistance	10,013	---	---	10,013
Professional fees	53,813	5,979	---	59,792
Program supplies	105,654	---	---	105,654
Repairs and maintenance	49,186	5,465	---	54,651
Small equipment	3,758	418	---	4,176
IT Services	61,609	6,845	---	68,454
Depreciation	64,312	---	---	64,312
Total Expenses	<u>\$ 2,570,056</u>	<u>\$ 311,526</u>	<u>\$ 12,046</u>	<u>\$ 2,893,628</u>

*Notes to financial statements are an integral part of these statements*

# Turning Point SOC, Inc.

## Statement of Cash Flows

For the Year Ended December 31,

	2022
<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ (594,065)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	64,312
(Increase) Decrease in:	
Grant receivables	637,899
Prepaid expense	(1,880)
Operating lease right of use assets	(17,671)
Increase (Decrease) in:	
Accounts payable	50,670
Operating lease liability	17,671
Payroll withholdings	79,341
Custodian accounts	10,717
Net cash provided by operating activities	<u>246,994</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(1,548,069)</u>
Net cash used in investing activities	<u>(1,548,069)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,301,075)</b>
Cash and Cash Equivalents at Beginning of Year	<u>1,455,381</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 154,306</u></b>
<b>Cash paid during the year ended December 31, for:</b>	
Interest	\$ ---
Unrelated business income taxes	\$ ---

*Notes to financial statements are an integral part of these statements*

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies

The summary of significant accounting policies of Turning Point SOC, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### **The Organization**

The Organization was incorporated under the Indiana General Not-for-Profit Corporation Act. The Organization is a not-for-profit community collaboration to educate, support and to navigate services to youth, families and those impacted by mental health and substance abuse disorders. The Organization is governed by a duly-elected board of directors, subject to rotating terms, and responsible for the oversight of the implementation of the Organization's mission.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **Basis of Presentation**

The financial statements report amounts separately by class of net assets:

- a) Net assets without donor restriction are those currently available at the discretion of the board for use in the organization's operations and those resources invested in property and equipment.
- b) Net assets with donor restrictions are those which are stipulated by donors for specific operation purposes or for the acquisition of property and equipment not purchased as of the end of the year.
- c) Board Designated net assets are those amounts designated for operating reserves.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal or time restrictions.

#### **Operating Activities**

Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investment such as contributions for endowment and facilities and equipment, and investment returns in excess of amounts designated for current operations.

#### **Public Support**

##### *Contributions*

The Organization receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The Organization records contributions/grant receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies *(Continued)*

#### Public Support *(Continued)*

##### *Government Grants and Contracts*

The Organization receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including youth pairing program, recovery counseling, adult peer recovery coaching, and a recovery stabilization center. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the governmental agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred.

Cash received on government grants and contracts prior to incurring allowable expenses are recorded as refundable advances upon receipt.

Government grants and contracts receivable are recorded in government receivables. All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted. The organization believes that all grants receivables will be collected, thus, no allowance has been recorded.

On December 31, 2022, the Organization had Governmental Grant Receivables amounting to \$816,563.

##### *Contribution of Goods, Equipment, and Services*

Donated use of facilities is recorded as contributions at the net present value of their estimated fair rental values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also donate their time and perform a variety of tasks throughout the year that assist the Organization with specific programs and various committee assignments that are not recognized as contributions in the financial statements since the criteria are not met.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies *(Continued)*

#### Revenue Recognition

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including program fees and related services, and government contract revenues.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

The Organization has received several grants considered to be donations (promises to receive). Since these are not tied to any conditions, these amounts are recorded as income on the date the promise was made. The amounts of these promises receivable were \$551,606 at December 31, 2022.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, saving, and certificates of deposit with original maturities of three months or less. The Organization did not hold any cash equivalents at December 31, 2022.

#### Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful life. Furniture and equipment purchased under \$2,000 are expensed in the current year.

#### Income Taxes

The organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2022 there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return and remains subject to examination by the Internal Revenue Service for the most recent three years.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies *(Continued)*

#### **Functional Allocation of Expenses**

The cost of providing various programs and supporting services have been summarized in the statement of functional expenses. Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

#### **Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

#### **Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Advertising and Promotion**

Advertising and promotional costs are expensed as incurred. Actual expenditures for the year ending December 31, 2022 were \$86,534.

#### **Going Concern Evaluation**

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the financial statements are issued.

#### **Recent Accounting Standards**

Effective January 1, 2022, the Agency adopted FASB ASC 842, Leases (Topic 842). The intent of Topic 842 is to increase transparency and comparability among organizations by requiring (1) recognition of lease assets and lease liabilities on the balance sheet and (2) disclosure of key information about leasing arrangements. Some changes to the lessor accounting guidance were made to align both of the following: (1) the lessor accounting guidance with certain changes made to the lessee accounting guidance and (2) key aspects of the lessor accounting model with revenue recognition guidance. The Agency adopted Topic 842 at the required adoption date of January 1, 2022, using the transition method that allowed us to initially apply Topic 842 as of January 1, 2022 and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Agency used the package of practical expedients permitted under the transition guidance that allowed us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies *(Continued)*

#### **Recent Accounting Standards** *(Continued)*

The Organization did not recognize any adjustment to the opening balance of net assets upon adoption. Because of the transition method used to adopt the new standard, Topic 842 was not applied to periods prior to adoption and the adoption of Topic 842 had no impact on previously reported results. As a result of the adoption of Topic 842, the Organization recorded right of use assets of \$17,671 and corresponding lease liabilities of \$17,671 for its operating leases at December 31, 2022. The adoption of Topic 842 did not have a material impact on the statement of activities or statement of cash flows.

#### **Subsequent Events**

The Organization has evaluated subsequent events through September 28, 2023, the date these financial statements were available to be issued.

### 2. Leases

At the inception of an arrangement, the Organization determines whether the arrangement is or contains a lease based on whether the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Leases with an initial term longer than twelve months are classified as operating or finance leases at the commencement date of the lease. Operating leases are recorded as operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the statement of financial position. The Organization did not hold any finance leases at December 31, 2022. The Organization elected an accounting policy to combine lease and non-lease components for all leases.

The Organization's operating leases are comprised of operating leases for vehicles.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit interest rate is generally not readily determinable for most leases, the Organization uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate reflects the estimated rate of interest that the Organization would pay to borrow on a collateralized basis over a similar term in a similar economic environment. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Leases may include renewal options, and the renewal option is included in the lease term if the Organization concludes that it is reasonably certain that the option will be exercised. Certain leases may contain rent escalation clauses, either fixed or adjusted periodically for inflation of market rates, that are factored into the calculation of lease payments to the extent they are fixed and determinable at lease inception. Leases may also include variable lease payments that do not depend on a rate or index, primarily for items such as property taxes, insurance, and repairs which are recorded as variable costs when incurred.

Short-term leases (leases with an initial term of twelve months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The Organization's short-term leases consisted primarily of month-to-month rentals of office space, storage facilities, and event space.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 2. Leases *(Continued)*

For the year ended December 31, 2022, the Organization recognized total lease expense, including operating lease costs, variable lease costs, and short-term lease expenses as follows:

	2022
Operating lease cost	\$ 20,813
Variable lease costs	---
Short-term lease expense	4,005
Total lease expense	<u>\$ 24,818</u>

The following table presents information related to the Organization's operating leases:

	2022
Operating lease right-of use assets	<u>\$ 17,671</u>
Other current liabilities	\$ 17,671
Operating lease liabilities	---
Total lease expense	<u>\$ 17,671</u>
Weighted-average remaining lease term (in years)	1
Weighted-average discount rate	0.0%

As of December 31, 2022, the maturities of the Organization's operating lease liabilities were as follows:

2023	\$ 17,671
Less: imputed interest	---
Total present value of lease payments	<u>\$ 17,671</u>

Supplemental statement of cash flow information is as follows:

	2022
Cash paid for amounts included in the measurement of operating lease liabilities	\$ ---
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 38,481

### 3. Concentrations

The Organization receives substantial support from federal, state and local governments. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities. During the year ended December 31, 2022, these funds accounted for 83% of total support and revenue. Claims for government supported programs are filed and reimbursed on an ongoing basis.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 4. Fixed Assets

Property, plant, and equipment at December 31, 2022 was as follows:

	<b>2022</b>
Land	\$ 28,800
Building and building improvements	\$2,157,816
Furniture and equipment	<u>\$318,721</u>
Total investment in land, building & furnishings	<u>\$2,505,337</u>
Less accumulated depreciation	<u>\$71,771</u>
Property and equipment, net	<u><u>\$ 2,433,566</u></u>

### 5. Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<b>2022</b>
Cash and Cash Equivalents	\$154,306
Grants Receivable	<u>1,368,169</u>
Total financial assets	<u>1,522,475</u>
Less amounts unavailable for general expenditures within one year due to restrictions due to time or purpose	<u>(445,867)</u>
Total financial assets available to management for general expenditures within one year	<u><u>\$1,076,608</u></u>

The Organization has a goal to maintain financial assets, which consist of cash and short-term receivables, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$480,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. All other financial assets are unrestricted.

### 6. Community Foundation Funds

The Community Foundation of Howard County (“the Foundation”) holds funds in an endowment account with the Organization named as the beneficiary. The fair market value of the account was \$412,335 at December 31, 2022, as reported by the Foundation. This balance has not been recorded as an asset of the Organization because the Organization has not made a reciprocal transfer of assets to the Foundation. All contributions to the endowment account have been made by unrelated donors. Variance power has been granted to the Foundation, which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation’s board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The account is held and invested by the Foundation for the Organization’s benefit and the Organization received a 2022 distribution of \$19,326 which was reported as contribution revenue.

# Turning Point SOC, Inc.

## Notes to Financial Statements

December 31, 2022

### 7. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 consisted of the following:

	2022
Net assets with donor restrictions:	
Restricted for	
Use – Programs	\$ ---
Time – Building Remodel	445,867
Total net assets with donor restrictions	<u>\$ 445,867</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor. Those amounts released from restrictions during the years ended December 31, 2022 are as follows:

	2022
Programs	\$ 25,000
Building Remodel	470,004
Total donor restricted net assets released from restrictions	<u>\$ 495,004</u>

### 8. Commitments and Contingencies

The Organization's grant programs are subject to independent audit under government regulations and review by grantor agencies. These audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. We believe that any costs ultimately disallowed would not materially affect our financial position.

### 9. Government Grants

The Organization received government grants as follows:

U.S. Department:	
Treasury	\$149,584
Health and Human Services	830,850
Housing and Urban Development	11,736
Mental Health America of Indiana	136,533
City of Kokomo, Indiana	12,500
Indiana Division of Mental Health	105,105
Community Coordination	98,000
Howard County, Indiana	550,699
Center Township, Howard County (IN)	2,500
Total government grants	<u>\$1,897,507</u>

**Turning Point SOC, Inc.**  
**Schedule of Expenditures of Federal Awards**

**December 31, 2022**

# Turning Point SOC, Inc.

## Schedule of Expenditures of Federal Awards

December 31, 2022

Program Title	Federal Assistance Listing Number	Pass Through Entity Number	2022 Expenditures
<b>U.S. Department of Treasury:</b>			
Passed through Indiana Family and Social Services Admin.			
<ul style="list-style-type: none"> <li>• COVID-19 Coronavirus State &amp; Local Recovery Funds</li> </ul>	21.027	64318	\$149,584
<b>U.S. Department of Health and Human Services:</b>			
Passed through Indiana Family and Social Services Admin.			
<ul style="list-style-type: none"> <li>• Opioid STR</li> </ul>	93.788	67820	\$830,850
<b>U.S. Department of Housing and Urban Development:</b>			
Passed through County of Howard, Indiana			
<ul style="list-style-type: none"> <li>• Community Development Block Grant/State</li> </ul>	14.228	CV-CV1-304	<u>\$11,736</u>
<b>Total expenditures of federal awards</b>			<b><u>\$992,170</u></b>

### Notes to Schedule of Expenditures of Federal Awards

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Turning Point SOC, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Turning Point SOC, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Turning Point SOC, Inc.

#### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### 3. Pass Through

Turning Point SOC, Inc. does not pass-through any federal awards to sub-recipients.

#### 4. Loans and Loan Guarantees

Turning Point SOC, Inc. does not have any loans or loan guarantees from federal awards.

#### 5. Indirect Cost Rate

Turning Point SOC, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Turning Point SOC, Inc.**  
**Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**December 31, 2022**

Board of Directors  
Turning Point SOC, Inc.

We have audited 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, the financial statements of Turning Point SOC, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 September 28, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Turning Point SOC, 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 Turning Point SOC, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Turning Point SOC, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item **2022-001** that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Turning Point SOC, 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*.

## **Turning Point SOC, Inc.'s Response to Findings**

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

## **Purpose of this Report**

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

*RBSK Partners pc*

Greensburg, Indiana  
September 28, 2023

**Turning Point SOC, Inc.**

**Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

**December 31, 2022**

To the Board of Directors of  
Turning Point SOC, Inc.

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited Turning Point SOC, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Turning Point SOC, Inc.'s major federal programs for the year ended December 31, 2022. Turning Point SOC, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Turning Point SOC, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*RBSK Partners pc*

Greensburg, Indiana  
September 28, 2023

**Turning Point SOC, Inc.**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2022**

# Turning Point SOC, Inc.

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses?

X  yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes  X  no

#### Federal Awards

Compliance over major programs:

Noncompliance condition identified?

\_\_\_\_\_ yes  X  none reported

Direct and material effect?

\_\_\_\_\_ yes \_\_\_\_\_ no

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_\_\_ yes  X  none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

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

\_\_\_\_\_ yes  X  no

Identification of major programs:

*Assistance Listing Number(s)*

93.788

*Name of Federal Program*

Opioid STR

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

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes  X  no

## Section II - Financial Statement Findings

### Significant Deficiencies:

#### 2022-001: Review and Approval Procedures

**Condition:** During the audit it was noted that journal entries, vendor invoices, and bank reconciliations did not contain evidence of supervisory review and approval.

**Criteria:** In order to maintain good internal control, journal entries should always be reviewed and approved by supervisory personnel prior to posting. Also, vendor invoices should include supervisory approval before entry into the accounting system. In addition, bank reconciliations should be reviewed and approved in a timely manner upon completion. The review and approval process should be documented.

**Effect:** Unauthorized journal entries could be posted to the general ledger to materially affect the outcome of a given reporting period. In addition, unauthorized or fraudulent vendor invoices could be paid without being detected. A lack of supervisory review of bank reconciliations could allow irregularities to go undetected for long periods of time.

**Context:** A sample of journal entries, vendor invoices, and bank reconciliations was selected for testing of general ledger account balances. Although it is important to note that no irregularities were identified, it was noted that there was no documentation of the supervisory review and approval process.

**Cause of Condition:** The Organization does not have a policy in place for documenting the review and approval process for various transactions.

**Recommendation:** Management should categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year and documented. Nonrecurring journal entries would require individual authorization by management. Supervisory personnel reviewing the journal entries should document the approval by initialing and dating the journal entries. Vendor invoices should be approved prior to entry into the accounting system. The invoices could be initialed and dated to document approval. Bank reconciliations should be approved in a timely manner upon completion. The reconciliations could be initialed and dated to document approval.

**Grantee Response/Corrective Action:** Management will review the process and procedures for documenting the posting of journal entries, approving vendor invoices, and reviewing bank reconciliations and will design appropriate controls to mitigate the risks in this area.

### Material Weaknesses:

None

## Section III – Federal Award Findings and Questioned Costs

None

**Turning Point SOC, Inc.**  
**Summary Schedule of Prior Audit Findings**

**For the Year Ended December 31, 2022**

There are no prior audit findings.

**Turning Point SOC, Inc.  
1234 N Courtland Ave  
Kokomo, IN 46901**

**CORRECTIVE ACTION PLAN**

US Department of Health and Human Services

Turning Point SOC, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2022.

**Name and address of independent public accounting firm:** RBSK Partners, PC, 224 North Broadway, PO Box 200, Greensburg, IN 47240

**Audit period:** January 1, 2022 to December 31, 2022

**Contact person:** Jessica Gomez, Director of Finance

The findings from the December 31, 2022 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**Finding 2022-001 Review and Approval Procedures**

**Recommendation:** Management should categorize journal entries into recurring journal entries and nonrecurring journal entries, where authorization for recurring journal entries is established at the beginning of the year and documented. Nonrecurring journal entries would require individual authorization by management. Supervisory personnel reviewing the journal entries should document the approval by initialing and dating the journal entries. Vendor invoices should be approved prior to entry into the accounting system. The invoices could be initialed and dated to document approval. Bank reconciliations should be approved in a timely manner upon completion. The reconciliations could be initialed and dated to document approval.

**Action Taken:** Management will review the process and procedures for documenting the posting of journal entries, approving vendor invoices, and reviewing bank reconciliations and will design appropriate controls to mitigate the risks in this area.

**FINDINGS – FEDERAL AWARD PROGRAM AUDIT - None**