Turning Point Center
(A Non-Profit Organization)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Turning Point Center
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September 30, 2018

CRI CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Turning Point Center
Houston, Texas

We have audited the accompanying financial statements of Turning Point Center (a non-profit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turning Point Center as of September 30, 2018, 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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
March 19, 2019

Turning Point Center
Statement of Financial Position

September 30,		2018
Assets		
Cash and cash equivalents	$	852,692
Contributions receivable		55,320
Investments		16,379
Prepaid expenses		24,365
Property and equipment, net		900,897
Property under capital lease, net		82,283
Total assets	$	1,931,936
Liabilities and net assets		
Accounts payable and accrued liabilities	$	1,087
Obligation under capital lease		360,248
Total liabilities		361,335
Commitments and contingencies		
Net assets		
Unrestricted		1,490,351
Temporarily restricted		80,250
Total net assets		1,570,601
Total liabilities and net assets	$	1,931,936

The accompanying notes are an integral part of these financial statements.

Turning Point Center
Statement of Activities

For the year ended September 30,		2018	
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Support - contributions	$ 77,710	$ 74,299	$ 152,009
Revenue			
Program fees	236,875	-	236,875
Interest and dividend income	616	-	616
Unrealized loss on investment	(1,372)	-	(1,372)
Net assets released from restrictions	64,899	(64,899)	-
Total support and revenue	378,728	9,400	388,128
Operating expenses			
Program expenses	290,723	-	290,723
General and administrative	48,854	-	48,854
Fundraising	34	-	34
Total operating expenses	339,611	-	339,611
Change in net assets	39,117	9,400	48,517
Net assets, beginning of year	1,451,234	70,850	1,522,084
Net assets, end of year	$ 1,490,351	$ 80,250	$ 1,570,601

The accompanying notes are an integral part of these financial statements.

Turning Point Center
Statement of Functional Expenses

For the year ended September 30,				2018
	Program Expenses	General and Administrative	Fundraising	Total
Operating expenses				
Accounting	$ -	$ 7,600	$ -	$ 7,600
Food pantry	24,825	-	-	24,825
Insurance	31,167	636	-	31,803
Interest	-	25,593	-	25,593
Licenses and fees	-	1,237	-	1,237
Office supplies	-	10,260	-	10,260
Postage	-	-	34	34
Payroll taxes	2,555	-	-	2,555
Property taxes	16,228	331	-	16,559
Repairs and maintenance	15,522	317	-	15,839
Salaries and stipends	32,160	-	-	32,160
Subsistence allowance	8,395	-	-	8,395
Trash collection	2,721	-	-	2,721
Telephone	1,179	24	-	1,203
Travel and transportation	16,001	-	-	16,001
Utilities	57,743	1,178	-	58,921
Total operating expenses before depreciation	208,496	47,176	34	255,706
Depreciation	82,227	1,678	-	83,905
Total operating expenses	$ 290,723	$ 48,854	$ 34	$ 339,611

The accompanying notes are an integral part of these financial statements.

Turning Point Center
Statement of Cash Flows

For the year ended September 30,		2018
Operating Activities		
Change in net assets	$	48,517
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		83,905
Unrealized loss on investment		1,372
Change in operating assets and liabilities		
Contributions receivable		(41,820)
Other receivable		15,797
Prepaid expenses		6,357
Accounts payable and accrued liabilities		17
Net cash provided by operating activities		114,145
Investing activities		
Purchase of property and equipment		(57,217)
Net increase in cash and cash equivalents		56,928
Cash and cash equivalents, beginning of year		795,764
Cash and cash equivalents, end of year	$	852,692
Supplemental disclosure of cash flow information		
Noncash interest expense and contribution	$	25,593

The accompanying notes are an integral part of these financial statements.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Turning Point Center (the "Organization") is a Texas non-profit organization that operates and provides housing, counseling, support services, education, food, employment assistance, and transportation for homeless senior citizens in the Houston area.

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of the Organization's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's resources are reported for accounting purposes in separate classes of nets assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets – Net assets comprised of amounts restricted by donors or grantors for use during a specific time period or for a particular purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
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> Permanently restricted net assets – Net assets that are contributions with donor-imposed restrictions that can never be removed.

Contributions

All contributions are considered to be available for unrestricted 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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as restricted contributions. During the year ended September 30, 2018, the Organization received cash contributions totaling $74,299 with donor-imposed restrictions.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue

The Organization receives its support primarily from contributions and program fees paid by foundations, agencies, and individuals. Program fees represents fees paid on behalf of residents.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and all highly liquid investments with initial maturities of three months or less at the time of purchase.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances within the next twelve months. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based upon its assessment of the current status of individual receivables from donors. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to the applicable receivable. At September 30, 2018, there was no allowance for doubtful accounts as management considered all receivables to be collectible.

Investments

Investments in marketable securities with readily determinable fair values and all investments in equity securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

Property and Equipment

Property and equipment are stated at cost if purchased. Contributed property and equipment is recorded at fair value at the date of donation. The Organization provides for depreciation and amortization on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are capitalized and amortized using the straight-line method over the shorter of their estimated useful lives or the term of the underlying lease. Expenditures for additions, major renewals and betterments are capitalized, and expenditures for maintenance and repairs are charged against income as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in income. The Organization maintains a policy of expensing items that would otherwise be capitalized which cost less than $500.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated undiscounted future cash flows is less than the carrying amount of the asset, an impairment loss is recognized based on the fair value of the asset.

Donated Services

The Organization receives donated services from a variety of unpaid volunteers who assist the Organization in administrative and other matters. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts have not been met.

Federal Income Tax

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from federal income tax. Furthermore, the Internal Revenue Service has ruled that the Organization is a publicly-supported organization and is not a private foundation.

The Organization accounts for uncertain tax positions, when it is more likely than not that such an asset or liability will be realized. As of September 30, 2018, management believes there were no uncertain tax positions.

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

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NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through the time the financial statements were available for issuance on March 19, 2019. No matters were identified affecting the financial statements or related disclosures that have not been disclosed elsewhere in these financial statements.

Recent Financial Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Organization will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal periods beginning after December 15, 2017, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Organization's financial statements. As of September 30, 2018, the Organization did not early adopt this standard.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Organization is currently evaluating the impact of the guidance on its financial statements.

NOTE 2: PROPERTY AND EQUIPMENT

The major asset categories and estimated useful lives as of September 30, 2018 are as follows:

	Estimated Useful Lives		
Land	---	$	195,420
Building	7 - 39 years		637,396
Leasehold improvements	15 years		622,922
Furniture and equipment	5 - 7 years		282,144
Computer equipment	5 years		10,376
Vehicles	5 - 10 years		109,866
			1,858,124
Less: accumulated depreciation			(957,227)
		$	900,897

Depreciation expense totaled $83,905 for the year ended September 30, 2018, including depreciation of property under capital lease.

NOTE 3: PROPERTY UNDER CAPITAL LEASE

A summary of property under capital lease at September 30, 2018 is as follows:

Building	$	669,786
Less: accumulated depreciation		(587,503)
	$	82,283

In 1993, the Organization entered into a capital lease obligation for the buildings with a related party. The lease payments were $3,000 per month including imputed interest at 7% until April 2010 when all unpaid principal and interest became due. Effective April 2010, the Organization and the lessor extended the lease agreement through December 2093 at an annual rent of $1 and the Organization remains liable for the lease obligation of $360,248. The Organization does not anticipate repaying any portion of the $360,248 lease obligation during the year ended September 30, 2019. Depreciation expense on the building totaled $25,465 for the year ended September 30, 2018.

NOTE 4: NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were available for the following purposes at September 30, 2018:

Cargo vehicle	$	15,320
Air conditioner repairs		10,220
Senior support		20,000
Water heaters		34,710
	$	80,250

During the year ended September 30, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Food stamps	$	16,479
Transportation expenses		2,500
Hurricane harvey damage		18,000
Baseboard project		8,500
Air conditioner repairs		14,130
Water heaters		5,290
	$	64,899

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined 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. The three tier fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity.

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

The Organization utilized the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The value of assets measured at fair value on a recurring basis is as follows:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	$ 16,379	$ -	$ -

For the year ended September 30, 2018, the investment return in the statement of activities consists of an unrealized loss of $1,372.

The Organization's financial instruments (primarily cash and cash equivalents, contributions receivable, accounts payable and accrued liabilities) are carried in the accompanying statement of financial position at amounts that reasonably approximate fair market value due to their short-term nature and generally negligible credit risk.

NOTE 6: CONCENTRATIONS

The Organization maintains interest-bearing cash accounts which, at times, may exceed the Federal Deposit Insurance Corporation's limit of $250,000. The Organization manages the risk by maintaining these deposits in a high quality financial institution and periodically performs an evaluation of the relative credit standing of the financial institution. The Organization has not experienced any losses from maintaining cash deposits in excess of the federally insured limit. Management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

During the year ended September 30, 2018, three foundations accounted for 36% of total contributions and 100% of contributions receivable.

NOTE 7: RELATED PARTY TRANSACTIONS

At September 30, 2017, a relative of the Executive Director of the Organization owed $15,797 to the Organization. This amount was paid in March 2018.

During the year ended September 30, 2018, a related party who leases a building to the Organization waived the payment of interest expense of $25,593 due under a capital lease obligation (see Note 3) which was recorded as an in-kind contribution (included in unrestricted contributions on the accompanying statement of activities).