

TURNING POINT
OF LEHIGH VALLEY, INC.
FINANCIAL STATEMENTS
AS AT JUNE 30, 2017 AND 2016

TURNING POINT OF LEHIGH VALLEY, INC.
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As at June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Turning Point of Lehigh Valley, Inc.
Allentown, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Turning Point of Lehigh Valley, Inc., a Pennsylvania nonprofit corporation, which are comprised of the statements of financial position as at June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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, whether due to fraud or error.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 of Lehigh Valley, Inc. as at June 30, 2017 and 2016, 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.

Auditor's Updated Opinion on 2016 Financial Statements

In our report dated November 1, 2016, we expressed an opinion that the 2016 financial statements, except for the effects of not being able to audit to permanently, temporarily, and unrestricted net assets due to a lack of accounting records, presented fairly, in all material respects, the financial position of Turning Point of Lehigh Valley, Inc. as at June 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Organization has provided us with documentation supporting the classification of those net assets as unrestricted and permanently restricted. Accordingly, our present opinion on the 2016 financial statements, as presented herein, is different from that expressed in our previous report.

Other Matters

Other 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Schedule 1, is presented for purposes of additional analysis and is not a required part of the financial statements. The information presented in Schedules 4 and 5, combined schedule of budgeted, reported, and allowable costs with funding reconciliation and schedule of budgeted, reported, and allowable costs, is presented for 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. We were engaged to provide an opinion on whether or not the information presented in Schedules 1, 4, and 5 is fairly stated in all material respects in relation to the financial statements as a whole. However, due to Turning Point of Lehigh Valley, Inc.'s policy of not allocating administrative wages and related costs to grants based on actual time spent, we have been unable to obtain sufficient appropriate audit evidence to determine whether Allowable Costs, Over (Under) Budget, and Questioned Costs as reported in Schedules 1, 4, and 5 are correctly valued in accordance with federal regulations. Due to the significance of this matter to these schedules, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2017 on our consideration of Turning Point of Lehigh Valley, 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 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 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 of Lehigh Valley, Inc.'s internal control over financial reporting and compliance.

Riley and Company, Inc.

Stroudsburg, PA
December 27, 2017

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Financial Position
As at June 30, 2017 and 2016

Exhibit A

A S S E T S		
	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents:		
Cash and money market funds	\$492,177	\$678,524
Certificates of deposit	<u>508,335</u>	<u>502,444</u>
Total Cash and Cash Equivalents - Note 2	<u>1,000,512</u>	<u>1,180,968</u>
Accounts Receivable	56,674	13,679
Grants Receivable - Note 3	467,060	117,224
Prepaid Expenses	22,127	31,695
Land, Buildings and Improvements, and Equipment - Net of Accumulated Depreciation - Note 4	773,469	853,222
Investments - Notes 5, 7, 8, and 9	699,527	619,877
Beneficial Interest in Perpetual Trust - Notes 6 and 9	<u>141,040</u>	<u>132,462</u>
Total Assets	<u>\$3,160,409</u>	<u>\$2,949,127</u>
L I A B I L I T I E S A N D N E T A S S E T S		
Liabilities:		
Accounts payable	\$13,047	\$11,152
Accrued payroll and payroll taxes	55,730	49,369
Deferred income	<u>0</u>	<u>1,832</u>
Total Liabilities	<u>\$68,777</u>	<u>62,353</u>
Net Assets:		
Unrestricted:		
Undesignated – Note 8	2,744,592	2,637,512
Designated – Note 18	<u>100,000</u>	<u>0</u>
Total Unrestricted	<u>2,844,592</u>	<u>2,637,512</u>
Temporarily Restricted - Note 11	0	10,800
Permanently Restricted - Note 8 and 12	<u>247,040</u>	<u>238,462</u>
Total Net Assets	<u>3,091,632</u>	<u>2,886,774</u>
Total Liabilities and Net Assets	<u>\$3,160,409</u>	<u>\$2,949,127</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017 and 2016

Exhibit B
Page 1

For the Year Ended June 30, 2017:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support:				
Contributions	\$375,253	\$0	\$0	\$375,253
United Way	115,000	0	0	115,000
Government grants - Notes 13, 16, and 17	1,487,787	0	0	1,487,787
Special events - Net of expenses of \$423	13,561	0	0	13,561
Investment income (loss) - Note 7	87,146	0	14,178	101,324
Miscellaneous	40,034	0	0	40,034
Loss on disposal of equipment	14,460	0	0	14,460
Amounts appropriated for current operations	5,600	0	(5,600)	0
Net assets released from restrictions - Note 11	<u>10,800</u>	<u>(10,800)</u>	<u>0</u>	<u>0</u>
Total Revenue and Support	<u>2,120,721</u>	<u>(10,800)</u>	<u>8,578</u>	<u>2,118,499</u>
Expenses:				
Program Service	1,465,855	0	0	1,465,855
Management and General	405,752	0	0	405,752
Fundraising	<u>42,034</u>	<u>0</u>	<u>0</u>	<u>42,034</u>
Total Expenses	<u>1,913,641</u>	<u>0</u>	<u>0</u>	<u>1,913,641</u>
Increase (Decrease) in Net Assets	207,080	(10,800)	8,578	204,858
Net Assets at Beginning of Year	<u>2,637,512</u>	<u>10,800</u>	<u>238,462</u>	<u>2,886,774</u>
Net Assets at End of Year	<u><u>\$2,844,592</u></u>	<u><u>\$0</u></u>	<u><u>\$247,040</u></u>	<u><u>\$3,091,632</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017 and 2016

Exhibit B
Page 2

For the Year Ended June 30, 2016:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support:				
Contributions	\$269,662	\$10,800	\$0	\$280,462
United Way	115,000	0	0	115,000
Government grants - Notes 13, 16, and 17	1,260,735	0	0	1,260,735
Special events - Net of expenses of \$12,079	22,368	0	0	22,368
Investment income (loss) - Note 7	(11,567)	0	(6,897)	(18,464)
Miscellaneous	75	0	0	75
Amounts appropriated for current operations	5,600	0	(5,600)	0
Net assets released from restrictions - Note 11	<u>48,100</u>	<u>(48,100)</u>	<u>0</u>	<u>0</u>
Total Revenue and Support	<u>1,709,973</u>	<u>(37,300)</u>	<u>(12,497)</u>	<u>1,660,176</u>
Expenses:				
Program Service	1,176,798	0	0	1,176,798
Management and General	403,122	0	0	403,122
Fundraising	<u>64,641</u>	<u>0</u>	<u>0</u>	<u>64,641</u>
Total Expenses	<u>1,644,561</u>	<u>0</u>	<u>0</u>	<u>1,644,561</u>
Increase (Decrease) in Net Assets	65,412	(37,300)	(12,497)	15,615
Net Assets at Beginning of Year	<u>2,572,100</u>	<u>48,100</u>	<u>250,959</u>	<u>2,871,159</u>
Net Assets at End of Year	<u>\$2,637,512</u>	<u>\$10,800</u>	<u>\$238,462</u>	<u>\$2,886,774</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017 and 2016

Exhibit C
Page 1

For the Year Ended June 30, 2017:	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Salaries - Note 15	\$774,280	\$274,337	\$30,333	\$1,078,950
Payroll taxes - Note 15	81,386	13,175	2,321	96,882
Worker's compensation - Note 15	34,563	4,096	839	39,498
Employee benefits - Notes 14 and 15	134,352	24,115	2,310	160,777
Interest	307	32	0	339
Supplies - Note 15	28,262	10,896	741	39,899
Occupancy - Note 15	59,083	10,574	0	69,657
Professional Fees - Note 15	39,611	45,017	0	84,628
Equipment maintenance and repair - Note 15	6,698	1,913	0	8,611
Vehicle - Note 15	845	0	0	845
Insurance - Note 15	18,353	3,695	672	22,720
Printing	4,726	5,857	2,953	13,536
Telecommunications - Note 15	15,263	3,267	0	18,530
Postage	204	643	1,508	2,355
Direct assistance	165,741	643	0	166,384
Public relations	983	1,797	315	3,095
Travel, meals, and training	17,819	3,497	42	21,358
Administrative fees and dues - Note 15	14,895	2,198	0	17,093
Miscellaneous	4,854	0	0	4,854
Depreciation	<u>63,630</u>	<u>0</u>	<u>0</u>	<u>63,630</u>
Total Expenses	<u>\$1,465,855</u>	<u>\$405,752</u>	<u>\$42,034</u>	<u>\$1,913,641</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017 and 2016

Exhibit C
Page 2

For the Year Ended June 30, 2016:	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Salaries - Note 15	\$680,868	\$213,564	\$49,479	\$943,911
Payroll taxes - Note 15	72,971	18,571	3,785	95,327
Worker's compensation - Note 15	26,320	5,828	0	32,148
Employee benefits - Notes 14 and 15	94,178	35,446	10,134	139,758
Interest	176	231	0	407
Supplies - Note 15	21,039	7,498	1,243	29,780
Occupancy - Note 15	46,481	20,227	0	66,708
Professional Fees - Note 15	7,049	61,080	0	68,129
Equipment maintenance and repair - Note 15	4,812	2,685	0	7,497
Vehicle - Note 15	818	78	0	896
Insurance - Note 15	11,748	10,528	0	22,276
Printing	6,216	11,920	0	18,136
Telecommunications - Note 15	14,760	2,784	0	17,544
Postage	1,102	3,346	0	4,448
Direct assistance	93,706	0	0	93,706
Public relations	92	965	0	1,057
Travel, meals, and training	15,103	6,551	0	21,654
Administrative fees and dues - Note 15	14,528	1,770	0	16,298
Miscellaneous	4,126	50	0	4,176
Depreciation	<u>60,705</u>	<u>0</u>	<u>0</u>	<u>60,705</u>
Total Expenses	<u>\$1,176,798</u>	<u>\$403,122</u>	<u>\$64,641</u>	<u>\$1,644,561</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Statement of Cash Flows
As at June 30, 2017 and 2016

Exhibit D

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (Decrease) in Net Assets	\$204,858	\$15,615
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	63,630	60,705
(Gain) loss on disposal of property	14,460	0
Change in accounts receivable	(9,643)	(2,879)
Change in grants receivable	(349,836)	28,564
Change in unconditional pledges receivable	(33,352)	(10,800)
Change in prepaid expense	9,568	(14,874)
Change in accounts payable	1,895	(6,404)
Change in accrued expenses	6,361	5,116
Change in deferred income	(1,832)	1,832
Realized and unrealized (gain) loss on investments	(73,330)	23,207
Change in value of perpetual trust	<u>(14,178)</u>	<u>6,897</u>
Net Cash Provided by (Used in) Operating Activities	<u>(181,399)</u>	<u>106,979</u>
Cash Flows from Investing Activities:		
Payments for property and equipment	1,663	(34,162)
Purchase of investments	(28,740)	(315,959)
Appropriated distribution for current operations	5,600	5,600
Proceeds from sale of investments	<u>22,420</u>	<u>117,631</u>
Net Cash Provided by (Used in) Investing Activities	<u>943</u>	<u>(226,890)</u>
Cash Flows from Financing Activities:		
Principal payments on mortgage	<u>0</u>	<u>(73,875)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(180,456)	(193,786)
Cash and Cash Equivalents at Beginning of Year	<u>1,180,968</u>	<u>1,374,754</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,000,512</u></u>	<u><u>\$1,180,968</u></u>
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	<u><u>\$339</u></u>	<u><u>\$407</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 1

Note 1: Summary of Significant Accounting Policies:

Organization and Nature of Activities

Turning Point of Lehigh Valley, Inc. (Organization), was incorporated on July 1, 1977, under the laws of the Commonwealth of Pennsylvania and operates as a not-for-profit organization. Turning Point of Lehigh Valley, Inc. provides support and emergency services to victims of domestic violence. Services are provided in Lehigh and Northampton counties and reach nearly 4,000 people a year. Services include a 24-hour helpline, safe house, counseling, support groups, court advocacy, community outreach, preventive education, and medical advocacy.

Basis of Accounting

Turning Point of Lehigh Valley, Inc.'s financial statements have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows, accordingly the financial statements reflect all significant receivable, payables, and other liabilities.

Financial Statement Presentation

The financial statements of Turning Point of Lehigh Valley, Inc. are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-205-45, "Financial Statements of Not-for-Profit Organizations." Accordingly, Turning Point of Lehigh Valley, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Turning Point of Lehigh Valley, Inc. and/or the passage of time. 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.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 2

Note 1: Summary of Significant Accounting Policies: (Continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Turning Point of Lehigh Valley, Inc. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-225-45 and 50, "Accounting for Contributions Received and Contributions Made", Turning Point of Lehigh Valley, Inc.'s contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. However, support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets depending on the nature of the restriction. 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.

Turning Point of Lehigh Valley, Inc. reports gifts of supplies and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Turning Point of Lehigh Valley, Inc. reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions of donated non-cash assets are recorded at their fair value in the period received.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 3

Note 1: Summary of Significant Accounting Policies: (Continued)

Public Support and Revenue

Substantially all of Turning Point of Lehigh Valley, Inc.'s revenues come from contracts with the Pennsylvania Coalition against Domestic Violence, Pennsylvania Commission on Crime and Delinquency, and like agencies providing support and emergency services to victims of domestic violence.

Income Tax Status

Income taxes are not provided for in the financial statements since Turning Point of Lehigh Valley, Inc. is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and similar state provisions. Turning Point of Lehigh Valley, Inc. has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

However, income from certain activities not directly related to Turning Point of Lehigh Valley, Inc.'s tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

Generally, federal returns are subject to examination by the Internal Revenue Service for three years after they are filed.

Land, Buildings and Improvements, and Equipment

Land, buildings and improvements, and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all items acquired with a cost or value of \$5,000 or more and a useful life greater than one year. Contributions of donated items are recorded at their fair value in the period received.

Estimated useful lives of the assets are as follows:

Buildings and improvements	5 - 40 years
Equipment	3 - 7 years

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 1: Summary of Significant Accounting Policies: (Continued)

Advertising

All advertising and marketing costs are expensed as incurred. Advertising expense for the years ended June 30, 2017 and 2016 were \$80 and \$801, respectively.

Compensated Leave

Full and part time employees of Turning Point of Lehigh Valley, Inc. are entitled to paid vacation and sick days depending on length of service. Employees may accrue vacation and sick days. Accrued sick days are not payable upon termination of employment. Accrued vacation is payable at termination of employment.

Grants Receivable

Grants receivable are primarily related to federal and state grants Turning Point of Lehigh Valley, Inc. considers grants receivable to be fully collectible: accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.

Pledges Receivable

Unconditional pledges to give cash and other assets are reported at fair value at the date the pledge is received. Turning Point of Lehigh Valley, Inc. considers pledges receivable to be fully collectible: accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made. Unconditional pledges to give are all due in one year or less.

Contributed Services

Turning Point of Lehigh Valley, Inc. receives donated services from unpaid volunteers who assist in its operations. No amounts have been recognized in the statement of activities because criteria for recognition under FASB ASC No. 958-605-50 have not been satisfied. Turning Point of Lehigh Valley, Inc. receives approximately 350 volunteer hours per year.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 1: Summary of Significant Accounting Policies: (Continued)

Donated Materials and Supplies

Donated materials and supplies are recorded as contributions at their estimated values at the date of receipt. Donated materials and supplies for the years ended June 30, 2017 and 2016 were \$94,426 and \$64,243, respectively.

Deferred Revenue

Deferred revenues consist of revenues received prior to services being provided under the terms of relevant agreements.

Investments

Turning Point of Lehigh Valley, Inc.'s investments are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-320-50, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Accordingly, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values as of the date of the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Reclassification of Prior Year Financial Statement Amounts

To facilitate comparisons between current and prior year financial statements, certain items in the prior year financial statements have been reclassified to reflect their presentation in the current year financial statements.

Note 2: Cash and Cash Equivalents:

Turning Point of Lehigh Valley, Inc. maintains accounts with local banks. It is Turning Point of Lehigh Valley, Inc.'s policy to record all temporary cash investments in certificates of deposit and money funds negotiated at \$1 that do not have significant withdrawal restrictions as cash.

Turning Point of Lehigh Valley, Inc.'s bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 2: Cash and Cash Equivalents: (Continued)

As at June 30, 2017 and 2016, deposits in excess of FDIC coverage were approximately \$252,404 and 471,642, respectively.

Note 3: Grants Receivable:

All grants receivable are for support provided for program activities. As of June 30, 2017 and 2016, grants receivable were \$467,060 and \$117,224 respectively. None of the grants receivable at June 30, 2017 and 2016 were more than 90 days past due.

Turning Point of Lehigh Valley, Inc. does not assess interest or late fees on accounts that are past due.

Note 4: Land, Buildings and Improvements, and Equipment:

Land, buildings and improvements, and equipment activity for the year ended at June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Land	\$76,578	\$76,578
Buildings and Improvements	1,412,597	1,434,243
Equipment	<u>304,009</u>	<u>311,739</u>
Total Land, Buildings and and Improvements, and Equipment	1,793,184	1,822,560
Less: Accumulated Depreciation	<u>(1,019,715)</u>	<u>(969,338)</u>
Land, Buildings and Improvements, and Equipment Net of Accumulated Depreciation	<u>\$773,469</u>	<u>\$853,222</u>

Note 5: Investments:

Financial instruments that potentially subject Turning Point of Lehigh Valley, Inc. to concentration of credit risk consist of investments. Although the market value of the investments is subject to fluctuations on a year to year basis, Turning Point of Lehigh Valley, Inc. believes that its investment policy is prudent for its long-term welfare.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 7

Note 5: Investments: (Continued)

Turning Point of Lehigh Valley, Inc.'s policy is to present investments in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-320-50, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Those standards require that investments in marketable equity securities whose value is readily determinable be reported at fair market value when reported in the Statement of Financial Position, and that unrealized gains and losses be combined with dividends as investment income in the Statement of Activities.

Pooled investments, including unrestricted, temporarily restricted, and permanently restricted, as of June 30, 2017 are stated at fair value as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Exchange traded and closed end funds	\$236,990	\$269,426	\$32,436
Mutual funds	400,585	423,433	22,848
Cash and cash equivalents	<u>6,668</u>	<u>6,668</u>	<u>0</u>
Total	<u>\$644,243</u>	<u>\$699,527</u>	<u>\$55,284</u>

The pooled investments at June 30, 2017, are reflected in the various net assets as follows:

Unrestricted	\$477,747
Unrestricted Endowment	115,780
Permanently Restricted Endowment	<u>106,000</u>
Total Net Assets in Pooled Investments	<u>\$699,527</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 8

Note 5: Investments: (Continued)

Pooled investments, including unrestricted, temporarily restricted, and permanently restricted, as of June 30, 2016 are stated at fair value as follows:

	<u>Cost</u>	<u>Fair Value</u>	Unrealized Appreciation (<u>Depreciation</u>)
Exchange traded and closed end funds	\$229,302	\$230,696	\$1,394
Mutual funds	398,835	380,899	(17,936)
Cash and cash equivalents	<u>8,282</u>	<u>8,282</u>	<u>0</u>
Total	<u>\$636,419</u>	<u>\$619,877</u>	<u>(\$16,542)</u>

The pooled investments at June 30, 2016, are reflected in the various net assets as follows:

Unrestricted	\$423,042
Unrestricted Endowment	90,835
Permanently Restricted Endowment	<u>106,000</u>
Total Net Assets in Pooled Investments	<u>\$619,877</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 6: Beneficial Interest in Perpetual Trust:

Turning Point of Lehigh Valley, Inc. is a 5% beneficiary of a perpetual trust held by a corporate trustee. The amount recorded as an asset represents the pro-rata share of the Trust's net assets that provides for a distribution of investment income to the Organization as beneficiary. Turning Point of Lehigh Valley, Inc.'s share of the Trust's net assets at June 30, 2017 and 2016 were \$141,040 and \$132,462, respectively.

Investment income is disbursed annually as a percentage of the value of the investment at its valuation date. Investment income is expendable for operating purposes. Investment income distributed for the years ended June 30, 2017 and 2016 were \$5,600 and \$5,600, respectively.

Note 7: Investment Income:

Investment returns as reported in the financial statements for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest/Dividend				
Income	\$21,043	\$0	\$0	\$21,043
Long and short				
Term Capital Gains	933	0	0	933
Brokerage fees	(8,160)	0	0	(8,160)
Unrealized Gain (Loss)	74,678	0	14,178	88,856
Realized Gain (Loss)	<u>(1,348)</u>	<u>0</u>	<u>0</u>	<u>(1,348)</u>
Total Investment				
Return	<u>\$87,146</u>	<u>\$0</u>	<u>\$14,178</u>	<u>\$101,324</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 7: Investment Income: (Continued)

Investment returns as reported in the financial statements for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest/Dividend				
Income	\$16,196	\$0	\$0	\$16,196
Brokerage fees	(4,556)	0	0	(4,556)
Unrealized Gain (Loss)	(16,326)	0	(6,897)	(23,223)
Realized Gain (Loss)	<u>(6,881)</u>	<u>0</u>	<u>0</u>	<u>(6,881)</u>
Total Investment				
Return	<u>(\$11,567)</u>	<u>\$0</u>	<u>(\$6,897)</u>	<u>(\$18,464)</u>

Note 8: Endowment Fund:

Turning Point of Lehigh Valley, Inc.'s endowment fund consists of one fund established for the purpose of supporting program and services of the organization. As required by generally accepted accounting principles, net assets associated with the Endowment Fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Turning Point of Lehigh Valley, Inc. follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 11

Note 8: Endowment Fund: (Continued)

Endowment Return Objectives, Risk Parameters, and Strategies

Turning Point of Lehigh Valley, Inc. has adopted endowment investment and spending policies which have been approved by the Board of Directors at the direction of the investment committee. The investment objective is long-term growth generating comparable returns to current market indices using S&P 500 and Barclays Bond Index as benchmarks. The overall endowment portfolio should be made up of 30-70% equities, 30-50% fixed income, and 0-10% cash and cash equivalents. Eligible securities include corporate stocks and bonds, U.S. government securities, mutual funds, and cash and cash equivalents. The general policy will be the divestiture of gifts of stocks into mutual funds unless otherwise directed by the donor.

Spending Policy

Turning Point of Lehigh Valley, Inc. is permitted to spend the earnings of the fund annually. This is defined as the interest and dividends earned in the fiscal period. By practice, the Organization recognizes the portion of earnings on the permanently restricted endowment as distributed at the end of the fiscal year and reported as investment income in the unrestricted net asset class.

The Endowment Fund consists of unrestricted and permanently restricted net assets. Changes in net assets in endowment fund as of June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Endowment net assets			
at beginning of year	\$90,835	\$106,000	\$196,835
Contributions	0	0	0
Withdrawals	0	0	0
Net appreciation (depreciation)	<u>24,945</u>	<u>0</u>	<u>24,945</u>
Endowment net assets at end of year	<u>\$115,780</u>	<u>\$106,000</u>	<u>\$221,780</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 12

Note 8: Endowment Fund: (Continued)

Changes in net assets in endowment fund as of June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Endowment net assets			
at beginning of year	\$96,338	\$106,000	\$202,338
Contributions	0	0	0
Withdrawals	0	0	0
Net appreciation (depreciation)	<u>(5,503)</u>	<u>0</u>	<u>(5,503)</u>
Endowment net assets at end of year	<u>\$90,835</u>	<u>\$106,000</u>	<u>\$196,835</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that the donors or UMIFA requires the Organization to retain as fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported as unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred after the original investment of the donor restricted gifts.

Note 9: Fair Value Measurements:

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 820-10-50, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of observable inputs other than quoted prices for identical assets.

Level 3 inputs have the lowest priority.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 13

Note 9: Fair Value Measurements: (Continued)

Turning Point of Lehigh Valley, Inc. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level I inputs because they generally provide the most reliable evidence for fair value.

Turning Point of Lehigh Valley, Inc.'s pooled investments reported at fair value in the accompanying statement of financial position at June 30, 2017, are as follows:

	<u>Fair Value</u>	Fair Value Measurement at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1) <u>Assets (Level 1)</u>
Exchange traded and closed end funds	\$269,426	\$269,426
Mutual funds	423,433	423,433
Cash and cash equivalents	<u>6,668</u>	<u>6,668</u>
Total	<u>\$ 699,527</u>	<u>\$ 699,527</u>

Turning Point of Lehigh Valley, Inc.'s investments in outside perpetual Trust reported at fair value in the accompanying statement of financial position at June 30, 2017, are as follows:

	<u>Fair Value</u>	Fair Value Measurement at Reporting Date Using Pro-Rata Share of Trust Assets (Level 1) <u>Assets (Level 1)</u>
Restricted: Outside Perpetual Trust	<u>\$141,040</u>	<u>\$141,040</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

Page 14

Note 9: Fair Value Measurements: (Continued)

Turning Point of Lehigh Valley, Inc.'s pooled investments reported at fair value in the accompanying statement of financial position at June 30, 2016, are as follows:

	<u>Fair Value</u>	Fair Value Measurement at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1) <u>Assets (Level 1)</u>
Exchange traded and closed end funds	\$230,696	\$230,696
Mutual funds	380,899	380,899
Cash and cash equivalents	<u>8,282</u>	<u>8,282</u>
Total	<u>\$ 619,877</u>	<u>\$ 619,877</u>

Turning Point of Lehigh Valley, Inc.'s investments in outside perpetual Trust reported at fair value in the accompanying statement of financial position at June 30, 2016, are as follows:

	<u>Fair Value</u>	Fair Value Measurement at Reporting Date Using Pro-Rata Share of Trust Assets (Level 1) <u>Assets (Level 1)</u>
Restricted: Outside Perpetual Trust	<u>\$132,462</u>	<u>\$132,462</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 10: Line of Credit:

Turning Point of Lehigh Valley, Inc. has an open line of credit at First Niagara Bank with a limit of \$150,000 and an annual interest rate based on prime rate plus 2% with a floor rate of 4%. The interest rate at June 30, 2017 and 2016, was 6.5% and 5.5%, respectively. The line of credit is guaranteed by the assets of the Organization. The line of credit has a maturity date of November 1, 2019. At June 30, 2016, there was no outstanding balance due on the line of credit.

Note 11: Temporarily Restricted Net Assets:

Temporarily Restricted Net Assets consist of contributions for specific purposes and net appreciation on Endowment Fund that is temporarily restricted until appropriated for expenditure by the Board. Temporarily restricted net assets for the Endowment Fund are not known. Temporarily Restricted Net Assets at June 30, 2017 and 2016 are \$0 and \$ 10,800, respectively.

Temporarily Restricted Net Assets Released from Restrictions by incurring expenses satisfying the purpose specified by donors or released by donors during the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Grants:		
Trexler Trust	\$0	\$10,000
Beitel Foundation	0	5,600
Verizon Prevention	0	32,500
Bequest	<u>10,800</u>	<u>0</u>
 Total Temporarily Restricted Net Assets Released from Restrictions	 <u>\$10,800</u>	 <u>\$48,100</u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 12: Permanently Restricted Net Assets:

Permanently Restricted Net Assets include the Endowment Fund and a beneficial interest in a perpetual trust fund. Endowment funds are restricted to investment in perpetuity, the income from which is expendable for program support. The correct allocation for unrestricted, temporarily restricted, and permanently restricted investments returns related to the Endowment Fund is not known.

Permanently restricted net assets at June 30, 2017 and 2016 are reported as follows:

	<u>2017</u>	<u>2016</u>
Endowment Fund	\$106,000	\$106,000
Outside Perpetual Trust	<u>141,040</u>	<u>132,462</u>
Total Permanently Restricted Net Assets	<u>\$247,040</u>	<u>\$238,462</u>

Note 13: Pennsylvania Coalition Against Domestic Violence Grant:

Turning Point of Lehigh Valley, Inc., as required by the Pennsylvania Coalition Against Domestic Violence (PCADV) contract, met the community support matching requirements. These funds were expended during the contract periods beginning July 1, 2016 and ended on June 30, 2017, and beginning July 1, 2015 and ended June 30, 2016.

There was no interest income on excess program funds from PCADV during the current contract periods beginning July 1, 2016 and ended June 30, 2016, and beginning July 1, 2015 and ended on June 30, 2016.

During the years ended June 30, 2017 and 2016, Turning Point of Lehigh Valley, Inc. spent \$1,807,977 and \$1,519,215, respectively, for domestic violence program purposes.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 13: Pennsylvania Coalition Against Domestic Violence Grant: (Continued)

Turning Point of Lehigh Valley, Inc. is responsible for developing and following a cost allocation plan that complies with federal requirements as described in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Organization's cost allocation plan did not comply with Subpart E of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Note 14: Employee Benefits:

Turning Point of Lehigh Valley, Inc. offers a 403(b) Retirement Plan to its employees. The plan covers qualified employees, defined as regular full time or part time employees who work at 1000 hours and have completed one year or more of service prior to July 1st of a given fiscal year. The amount of contributions by Turning Point of Lehigh Valley, Inc. is determined by management and the Board of Directors based on the availability of funds. There were no employer contributions for the years ended June 30, 2017 and 2016.

Note 15: Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 16: Grant Contingencies:

Turning Point of Lehigh Valley, Inc. receives Federal, State, and Local assistance through grants. Some grants are subject to program compliance audits by the grantors or their representatives. Turning Point of Lehigh Valley, Inc. is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grants. As discussed in Note 12, the Organization's cost allocation plan did not comply with federal regulations. Management is uncertain as to whether this situation will result in the disallowance of program expenditures.

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Financial Statements
As at June 30, 2017 and 2016

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Note 17: Concentration of Revenues:

A significant amount of Turning Point of Lehigh Valley, Inc.'s funding comes from state and local government programs. The funding sources make annual appropriations and there is no guarantee that the current level of funding will be realized in the future. Turning Point of Lehigh Valley, Inc. is currently seeking other sources of funding to secure revenues along with funding from state and local government programs.

During the years ended June 30, 2017 and 2016, approximately 72% and 74%, respectively, of Turning Point of Lehigh Valley, Inc.'s contribution and program revenue was provided by two agencies, Pennsylvania Coalition Against Domestic Violence and Pennsylvania Commission on Crime and Delinquency. During the years ended June 30, 2017 and 2016, the Organization received \$880,751 and \$729,713, respectively, in federal financial assistance.

Note 18: Designated Net Assets:

The Board designated funds for capital reserve. Designated funds for capital reserve as at June 30, 2017 and 2016 were \$100,000 and \$0, respectively.

Note 19: Litigation:

The Organization has been named in litigation proceedings involving workmen's compensation and personnel issues. No amount has been accrued in these financial statements since the Organization has previously met deductible requirements any potential liability from these proceedings is the obligation of the cognizant insurance carrier.

Note 20: Subsequent Events:

Management has evaluated subsequent events through December 27, 2017, the date the financial statements were available to be issued.

TURNING POINT OF LEHIGH VALLEY, INC.

Single Audit

For the Year Ended June 30, 2017

Turning Point of Lehigh Valley, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Schedule 1

Federal Agency/Grant Name	Direct or Indirect Funding	Pass-Through Grantor Number	CFDA Number	Total
Department of Health and Human Services:				
Domestic Violence Services Grants:				
Pennsylvania Coalition Against Domestic Violence:				
Family Violence Prevention and Services Act	Indirect	52-39	93.671	\$91,367
Title XX - Social Services Block Grant	Indirect	52-39	93.667	50,066
Social Service Block Grant - Relocation	Indirect	52-39	93.667	<u>55,700</u>
Total Department of Health and Human Services				<u>197,133</u>
U.S. Department of Justice:				
Crime Victim Funds:				
Pennsylvania Commission on Crime and Delinquency:				
Office of Vocational Rehabilitation:				
Victims of Crime Act Northampton County	Indirect	26631	16.575	271,920
Victims of Crime Act Lehigh County	Indirect	26631	16.575	<u>373,425</u>
Total Crime Victims Fund				<u>645,345</u>
United States Department of Homeland Security:				
Emergency Food and Shelter National Board Program	Direct		97.024	<u>6,888</u>
Crime Victim Funds:				
Pennsylvania Commission on Crime and Delinquency:				
Stop Violence Against Women	Indirect	2015-VA-07-26305	16.588	16,927
Stop Violence Against Women	Indirect	2015-VA-07-26305	16.588	<u>14,458</u>
Total Department of Housing and Urban Development				<u>31,385</u>
Total Expenditures of Federal Awards				<u><u>\$880,751</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Page 1

Note 1. Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Turning Point of Lehigh Valley, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Turning Point of Lehigh Valley, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Turning Point of Lehigh Valley, Inc.

Note 2. Significant Accounting Policies:

Basis of Accounting

Expenditures reported in the Schedule are presented on the accrual basis of accounting, which is consistent with Turning Point of Lehigh Valley, Inc.'s overall basis of accounting. Turning Point of Lehigh Valley, Inc. maintains its accounting records in conformity with the accrual basis of accounting, which complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

In general, grant expenditures were recognized following the cost principles contained in Uniform Guidance, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. However, payroll and related costs for employees who performed administrative functions and grant activities were charged to grants based on budget allocations instead of actual time.

Turning Point of Lehigh Valley, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

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**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**

Board of Directors
Turning Point of Lehigh Valley, Inc.
Allentown, Pennsylvania

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 of Lehigh Valley, Inc., which are comprised of the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Turning Point of Lehigh Valley, Inc.'s internal control over financial reporting (internal control) to determine the 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 of Lehigh Valley, 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 Turning Point of Lehigh Valley, Inc.'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. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Turning Point of Lehigh Valley, 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2017-002.

Turning Point of Lehigh Valley, Inc.'s Response to Findings

Turning Point of Lehigh Valley, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Turning Point of Lehigh Valley, Inc.'s response was not subject to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Stroudsburg, PA
December 27, 2017

John J. Riley, CPA (Founder/Retired)

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Mary R. Frantz

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
Turning Point of Lehigh Valley, Inc.
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

We were engaged to audit Turning Point of Lehigh Valley, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Turning Point of Lehigh Valley, Inc.'s major federal programs for the year ended June 30, 2017. Turning Point of Lehigh Valley, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Turning Point of Lehigh Valley, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We were engaged to audit the 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). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

Auditor's Responsibility (Continued)

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance for each major federal program.

Basis for Disclaimer of Opinion

Federal grant regulations require that payroll and related costs be charged to grants based on actual time spent. Time records for employees who performed administrative functions and grant activities did not comply with federal grant requirements. Administrative employees did not report their time in the timekeeping system as it was actually spent on the grants. Payroll and related costs for these employees were charged to grants based on budget allocations instead of actual time.

Disclaimer of Opinion on Each Major Federal Program

Because of the matter described above, payroll and related costs charged to the grants may not reflect the actual cost of operating the grants. Since there are no contemporaneous time records, the actual costs cannot be determined, accordingly, we express no opinion on compliance for each major federal program.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-002.

Turning Point of Lehigh Valley, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Turning Point of Lehigh Valley, Inc.'s response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Turning Point of Lehigh Valley, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Turning Point of Lehigh Valley, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Turning Point of Lehigh Valley, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 significant deficiency in internal control over compliance is a deficiency, or 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. 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

Turning Point of Lehigh Valley, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Turning Point of Lehigh Valley, Inc.'s response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Riley and Company, Inc.

Stroudsburg, PA
December 27, 2017

TURNING POINT OF LEHIGH VALLEY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Schedule 2

SUMMARY OF AUDITOR RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Turning Point of Lehigh Valley, Inc.
2. No deficiencies in internal control were identified during the audit of the financial statements of Turning Point of Lehigh Valley, Inc.
3. No instances of noncompliance material to the financial statements of Turning Point of Lehigh Valley, Inc. were disclosed during the audit.
4. One material weakness in internal control over major programs was discovered during the audit of the major federal award programs of Turning Point of Lehigh Valley, Inc.
5. The auditor's report on compliance for the major federal award programs for Turning Point of Lehigh Valley, Inc. expresses a disclaimer of opinion on the major federal program.
6. Our audit procedures identified audit findings required to be reported in this schedule in accordance with Uniform Guidance.
7. The program tested as a major program was:

<u>Name</u>	<u>CFDA No.</u>
Victims of Crime Act	16.575

8. The threshold for distinguishing between Types A & B programs was \$750,000.
9. Turning Point of Lehigh Valley, Inc. was not a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF JUSTICE

FINDING: 2017-001

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY

VICTIMS OF CRIME ACT

Allocation of Payroll and Related Costs

Material Weakness in Internal Control over Compliance

Criteria: Federal grant regulations require that payroll and related costs be charged to grants based on actual time spent.

Condition: Time records for employees who performed administrative functions and grant activities did not comply with federal grant requirements. Payroll and related costs for these employees were charged to grants based on budget allocations instead of actual time. The Organization has no records for this year to support an allocation based on actual time. Questioned costs for this grant for administrative employees is \$52,123.

Cause: Administrative employees did not report their time in the timekeeping system as it was actually spent on the grants. Payroll and related costs for administrative employees who worked on more than one grant were allocated to the grants based on budgeted percentages.

Effect: Because of this policy, payroll and related costs charged to the grants may not reflect the actual cost of operating the grant. Since there are no contemporaneous time records, the actual costs cannot be determined.

Recommendation: Our recommendation is that procedures be implemented requiring payroll and related costs be charged to each grant based on the actual time spent working in that grant.

Views of Responsible Officials: Turning Point of Lehigh Valley, Inc. agrees with the finding. See the Corrective Action Plan for actions taken.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
FINDING: 2017-002
PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE
DOMESTIC VIOLENCE SERVICE GRANTS
Allocation of Payroll and Related Costs
Questioned Costs on Non-Major Program

Criteria: Federal grant regulations require that payroll and related costs be charged to grants based on actual time spent.

Condition: Time records for employees who performed administrative functions and grant activities did not comply with federal grant requirements. Payroll and related costs for these employees were charged to grants based on budget allocations instead of actual time. The Organization has no records for this year to support an allocation based on actual time. Questioned costs for this grant for administrative employees is \$45,573.

Cause: Administrative employees did not report their time in the timekeeping system as it was actually spent on the grants. Payroll and related costs for administrative employees who worked on more than one grant were allocated to the grants based on budgeted percentages.

Effect: Because of this policy, payroll and related costs charged to the grants may not reflect the actual cost of operating the grant. Since there are no contemporaneous time records, the actual costs cannot be determined.

Recommendation: Our recommendation is that procedures be implemented requiring payroll and related costs be charged to each grant based on the actual time spent working in that grant.

Views of Responsible Officials: Turning Point of Lehigh Valley, Inc. agrees with the finding. See the Corrective Action Plan for actions taken.

TURNING POINT OF LEHIGH VALLEY, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

Schedule 3

FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING: 2016-001

Classification of Net Assets

Material Weakness in Internal Control

Condition: Audit procedures could not be performed on permanently restricted, temporarily restricted, and unrestricted net assets as reported in the financial statements because the Organization was unable to provide accounting records relating to these classifications of net assets. The Organization has an investment account that includes unrestricted contributions and endowment contributions. The Organization was unable to provide a record of which contributions were restricted and which were not. As a result, the classification of net assets related to Endowment Funds could not be audited.

Recommendation: Recommendation was that the balance of the investment account related to Endowment Funds should be identified and moved into a separate account. Further, appropriate accounting records supporting the classification of net assets need to be maintained going forward.

Current Status: Turning Point of Lehigh Valley, Inc. located the records to support classification of net assets.

FINDING: 2016-002

Accumulated Realized and Unrealized Appreciation (Depreciation) on

Investments and Cost of Investments related to the Endowment Fund

Material Weakness in Internal Control

Condition: The aggregate amount of realized and unrealized appreciation (depreciation) on investments and cost of investments related to Endowment Funds could not be audited because the Organization was unable to provide relevant investment records. Accordingly, we were unable to apply audit procedures to the aggregate amount of realized and unrealized appreciation (depreciation) and cost of investments related to Endowment Funds reported in Note 5 to the financial statements as at and for the year ended June 30, 2016. Consequently, we are unable to determine whether any adjustments to the reported amounts were necessary.

Recommendation: Our recommendation is that the balance of the investment account related to Endowment Funds should be identified and moved into a separate account. Further, appropriate accounting records supporting the classification of investments need to be maintained going forward.

Current Status: Turning Point of Lehigh Valley, Inc. located the records to support classification of investments.

FINDINGS – FEDERAL AWARDS PROGRAMS

FINDING: 2016-003

Allocation of Payroll and Related Costs

Material Weakness in Internal Control over Compliance

Condition: Federal grant regulations require that payroll and related costs be charged to grants based on actual time spent. Time records for employees who worked on more than one grant did not comply with federal grant requirements. Payroll and related costs for employees who worked on more than one grant were charged to grants based on budget allocations instead of actual time. The Organization has no records for this year to support an allocation based on actual time.

Recommendation: Our recommendation is that procedures be implemented requiring payroll and related costs be charged to each grant based on the actual time spent working in that grant.

Current Status: Turning Point of Lehigh Valley, Inc. agreed with the finding. Procedures are in place for employees who work strictly in program activities to record actual time spent in program activities, costs are then allocated based on funding allocations across grants. Administrative employee time is not charged to grants based on actual time worked in program activities.

December 27, 2017

Turning Point of Lehigh Valley, Inc. (TPLV) respectfully submits the following corrective action plan for the year ended June 30, 2017 in response to findings as identified in review of our financial statements as conducted by our auditing firm:

Riley and Company, Inc.
PO Box 1049
Stroudsburg, PA 18360

While not required, the Board of Directors and management have implemented voluntary measures to incorporate certain provisions of the Sarbanes Oxley Act to improve the agency financial management. These steps included competitively bidding the audit services last year according to encourage rotation of lead auditor duties after 20+ years with the prior firm. As expected, a new audit firm did provide a "fresh perspective" on our financial management practices and this input has been actively incorporated into the launch of our new financial and time management systems, as described further in this memorandum.

The findings from the June 30, 2017 schedule of findings and responses are discussed in the following section. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

FINDING: 2017-001

Allocation of Payroll and Related Costs

Material Weakness in Internal Control

Recommendation: Our recommendation is that procedures be implemented requiring payroll and related costs be charged to each grant based on the actual time spent working in that grant.

Action Taken: TPLV agrees that the system for tracking time and attendance lacked sufficient detail to accurately assess the actual time spent and charged to various grants for indirect activities. A new time and attendance management system was developed and implemented in August 2016. This system, Streamline HR, is connected to our payroll services and has robust reporting capabilities which will improve administrative and fiscal oversight of staff time spent on all agency tasks. While time spent on various direct and indirect costs is captured in this system

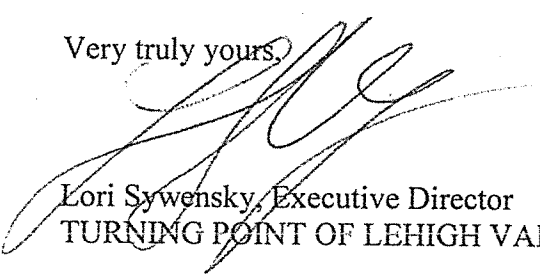
the methodology used did not clearly distinguish administrative activities directly attributable to specific funding entities from those to be billed as indirect. As such, the methodology for the subsequent period has been amended to ensure grant specific administrative costs are segregated from other indirect activities. Additionally, the method for budgeting and billing indirect expenses has been further modified this year to ensure costs submitted for reimbursement are reasonable and appropriate. The revisions to this system were implemented in the 1st quarter of FY 2017-18.

FINDING: 2017-002
Allocation of Payroll and Related Costs
Material Weakness in Internal Control
Compliance and other matters

See Finding 2017-001 for details

If there are any questions regarding this plan, please contact Lori Sywensky at (610) 797-0530 or LoriS@turningpointlv.org.

Very truly yours,



Lori Sywensky, Executive Director
TURNING POINT OF LEHIGH VALLEY, INC.

TURNING POINT OF LEHIGH VALLEY, INC.

Supplementary Schedules

For the Year Ended June 30, 2017

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
PA COALITION AGAINST DOMESTIC VIOLENCE CONTRACT 5239
COMBINED SCHEDULE OF BUDGETED, REPORTED, AND
ALLOWABLE COSTS WITH FUNDING RECONCILIATION
Year Ended June 30, 2017

Schedule 4
Page 1

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Title XX:					
Personnel	\$35,808	\$35,808	\$20,295	\$0	\$15,513
Operations	14,756	14,258	14,258	498	0
Act 44:					
Personnel	395,467	385,204	228,401	10,263	156,803
Operations	125,084	122,735	122,735	2,349	0
FVPS:					
Personnel	91,493	70,654	40,594	20,839	30,060
Operations	22,052	20,713	20,713	1,339	0
Act 222:					
Personnel	47,006	41,064	23,705	5,942	17,359
Operations	9,808	9,398	9,398	410	0
Act 44 - Medical Advocacy:					
Personnel	19,612	19,635	19,635	-23	0
Operations	0	0	0	0	0
SSBG - Relocation:					
Personnel	0	0	0	0	0
Operations	55,776	55,700	55,700	76	0
Totals	<u>\$816,862</u>	<u>\$775,169</u>	<u>\$555,434</u>	<u>\$41,693</u>	<u>\$219,735</u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
PA COALITION AGAINST DOMESTIC VIOLENCE CONTRACT 5239
COMBINED SCHEDULE OF BUDGETED, REPORTED, AND
ALLOWABLE COSTS WITH FUNDING RECONCILIATION
Combining Statements of Financial Position
Year Ended June 30, 2017

Schedule 4
Page 2

Funding Reconciliation:

Approved Contract, Received as of June 30, 2017	\$585,957	
Approved Contract, Receivable as of June 30, 2017	<u>189,212</u>	
Total Contract		\$775,169
Allowable Costs	775,169	
Questioned Costs	<u>219,735</u>	
Total Costs		<u>994,904</u>
Due to (from) PA COALITION AGAINST DOMESTIC VIOLENCE		<u>(\$219,735)</u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
TITLE XX CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Schedule 5
Page 1

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$27,682	\$27,682	\$15,146	\$0	\$12,536
Benefits	<u>8,126</u>	<u>8,126</u>	<u>5,149</u>	<u>0</u>	<u>2,977</u>
Total Personnel	<u>35,808</u>	<u>35,808</u>	<u>20,295</u>	<u>0</u>	<u>15,513</u>
Operations:					
Communications	1,926	1,797	1,797	129	0
Insurance	1,052	1,064	1,064	-12	0
Maintenance	2,704	2,973	2,973	-269	0
Postage	202	141	141	61	0
Printing	828	201	201	627	0
Professional Fees and Contracted Services	5,714	5,714	5,714	0	0
Rent	180	198	198	-18	0
Supplies	903	903	903	0	0
Travel	206	226	226	-20	0
Utilities	<u>1,041</u>	<u>1,041</u>	<u>1,041</u>	<u>0</u>	<u>0</u>
Total Operations	<u>14,756</u>	<u>14,258</u>	<u>14,258</u>	<u>498</u>	<u>0</u>
Totals	<u><u>\$50,564</u></u>	<u><u>\$50,066</u></u>	<u><u>\$34,553</u></u>	<u><u>\$498</u></u>	<u><u>\$15,513</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
ACT 44 CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Page 2

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$311,430	\$302,112	\$175,401	\$9,318	\$126,711
Benefits	<u>84,037</u>	<u>83,092</u>	<u>53,000</u>	<u>945</u>	<u>30,092</u>
Total Personnel	<u>395,467</u>	<u>385,204</u>	<u>228,401</u>	<u>10,263</u>	<u>156,803</u>
Operations:					
Communications	9,265	9,265	9,265	0	0
Insurance	11,744	12,538	12,538	-794	0
Maintenance	19,988	21,986	21,986	-1,998	0
Postage	1,796	1,126	1,126	670	0
Printing	8,864	6,336	6,336	2,528	0
Professional Fees and Contracted Services	42,313	40,844	40,844	1,469	0
Rent	2,616	2,560	2,560	56	0
Safe Homes	1,200	1,200	1,200	0	0
Staff Development	1,224	1,346	1,346	-122	0
Supplies	13,552	14,003	14,003	-451	0
Travel	2,266	2,290	2,290	-24	0
Utilities	<u>10,256</u>	<u>9,241</u>	<u>9,241</u>	<u>1,015</u>	<u>0</u>
Total Operations	<u>125,084</u>	<u>122,735</u>	<u>122,735</u>	<u>2,349</u>	<u>0</u>
Totals	<u><u>\$520,551</u></u>	<u><u>\$507,939</u></u>	<u><u>\$351,136</u></u>	<u><u>\$12,612</u></u>	<u><u>\$156,803</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
FVPS CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Schedule 5
Page 3

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$74,503	\$55,099	\$30,808	\$19,404	\$24,291
Benefits	<u>16,990</u>	<u>15,555</u>	<u>9,786</u>	<u>1,435</u>	<u>5,769</u>
Total Personnel	<u>91,493</u>	<u>70,654</u>	<u>40,594</u>	<u>20,839</u>	<u>30,060</u>
Operations:					
Communication	1,459	1,459	1,459	0	0
Insurance	2,214	2,214	2,214	0	0
Maintenance	1,878	2,064	2,064	-186	0
Postage	420	270	270	150	0
Printing	1,746	391	391	1,355	0
Professional Fees and Contracted Services	5,725	5,725	5,725	0	0
Rent	379	397	397	-18	0
Supplies	5,610	5,610	5,610	0	0
Travel	432	475	475	-43	0
Utilities	<u>2,189</u>	<u>2,108</u>	<u>2,108</u>	<u>81</u>	<u>0</u>
Total Operations	<u>22,052</u>	<u>20,713</u>	<u>20,713</u>	<u>1,339</u>	<u>0</u>
Totals	<u><u>\$113,545</u></u>	<u><u>\$91,367</u></u>	<u><u>\$61,307</u></u>	<u><u>\$22,178</u></u>	<u><u>\$30,060</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
MARRIAGE LICENSE FEES - ACT 222 CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Schedule 5
Page 4

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$37,906	\$31,925	\$17,897	\$5,981	\$14,028
Benefits	<u>9,100</u>	<u>9,139</u>	<u>5,808</u>	<u>-39</u>	<u>3,331</u>
Total Personnel	<u>47,006</u>	<u>41,064</u>	<u>23,705</u>	<u>5,942</u>	<u>17,359</u>
Operations:					
Communications	827	827	827	0	0
Insurance	1,177	1,224	1,224	-47	0
Maintenance	1,008	1,108	1,108	-100	0
Postage	226	156	156	70	0
Printing	925	228	228	697	0
Professional fees and contracted services	3,036	3,203	3,203	-167	0
Rent	200	220	220	-20	0
Supplies	1,011	1,011	1,011	0	0
Travel	230	253	253	-23	0
Utilities	<u>1,168</u>	<u>1,168</u>	<u>1,168</u>	<u>0</u>	<u>0</u>
Total Operations	<u>9,808</u>	<u>9,398</u>	<u>9,398</u>	<u>410</u>	<u>0</u>
Totals	<u><u>\$56,814</u></u>	<u><u>\$50,462</u></u>	<u><u>\$33,103</u></u>	<u><u>\$6,352</u></u>	<u><u>\$17,359</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
MEDICAL ADVOCACY - ACT 44 CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Schedule 5
Page 5

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Costs</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$15,809	\$15,832	\$15,832	-\$23	\$0
Benefits	<u>3,803</u>	<u>3,803</u>	<u>3,803</u>	<u>0</u>	<u>0</u>
Total Personnel	<u>19,612</u>	<u>19,635</u>	<u>19,635</u>	<u>-23</u>	<u>0</u>
Operations:					
Total Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u><u>\$19,612</u></u>	<u><u>\$19,635</u></u>	<u><u>\$19,635</u></u>	<u><u>-\$23</u></u>	<u><u>\$0</u></u>

TURNING POINT OF LEHIGH VALLEY, INC.
(A Not-for-Profit Corporation)
SSBG - RELOCATION CONTRACT 5239
SCHEDULE OF BUDGETED, REPORTED, AND ALLOWABLE COSTS
Year Ended June 30, 2017

Schedule 5
Page 6

	<u>Approved Budget</u>	<u>Reported Costs</u>	<u>Allowable Cost</u>	<u>(Over) Under Budget</u>	<u>Questioned Costs</u>
Budget Categories:					
Personnel:					
Salaries	\$0	\$0	\$0	\$0	\$0
Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Personnel	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operations:					
Relocation	<u>55,776</u>	<u>55,700</u>	<u>55,700</u>	<u>76</u>	<u>0</u>
Totals	<u><u>\$55,776</u></u>	<u><u>\$55,700</u></u>	<u><u>\$55,700</u></u>	<u><u>\$76</u></u>	<u><u>\$0</u></u>

Financial statements bound copies:

Insert the following documents in this order:

Corrective Action Plan before supplementary title page

Supplementary Schedules 2 and 3 (Excel) after supplementary title page

PCADV Email documents to be submitted in the following order:

Cover page, index, financial statements, report on internal controls, findings and responses

Corrective Action Plan

Supplementary Schedules 4 and 5 (Excel)

TPLV Internal Control Communication AU-C Section 265

Verification of post audit conference

Checklist II

Report on Internal Control over Compliance

Management of Turning Point of Lehigh Valley, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Turning Point of Lehigh Valley, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Turning Point of Lehigh Valley, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 significant deficiency in internal control over compliance is a deficiency, or 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. 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.