



# **BAY AREA TURNING POINT, INC.**

Financial Statements  
As of and for the Years Ended  
December 31, 2016 and 2015  
(With Independent Auditors' Report Thereon)

And Single Audit Reports  
For the Year Ended December 31, 2016

**PMB Helin Donovan**

**BAY AREA TURNING POINT, INC.**  
Index to Financial Statements and Single Audit Report  
December 31, 2016 and 2015

**FINANCIAL STATEMENTS:**

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## Independent Auditors' Report

To: The Board of Directors of  
Bay Area Turning Point, Inc.  
Webster, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Turning Point, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Bay Area Turning Point, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Our audits were 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of Bay Area Turning Point, 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* and should be read in conjunction with this report in considering the results of our audit.

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

Houston, Texas  
June 22, 2017

**BAY AREA TURNING POINT, INC.**

Statements of Financial Position  
As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 420,406	\$ 493,492
Short term investments	307,614	297,294
Accounts receivable, grants	387,831	200,817
Prepaid expenses	34,966	29,220
Property and equipment, net	1,720,187	1,704,074
Deposits	<u>22,410</u>	<u>15,610</u>
Total assets	<u>\$ 2,893,414</u>	<u>\$ 2,740,507</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ <u>123,104</u>	\$ <u>116,375</u>
Total liabilities	<u>123,104</u>	<u>116,375</u>
<b>Net Assets</b>		
Unrestricted net assets		
Designated by board	587,345	566,544
Undesignated	<u>2,182,965</u>	<u>2,057,526</u>
Total unrestricted net assets	2,770,310	2,624,070
Temporarily restricted net assets	<u>-</u>	<u>62</u>
Total net assets	<u>2,770,310</u>	<u>2,624,132</u>
Total liabilities and net assets	<u>\$ 2,893,414</u>	<u>\$ 2,740,507</u>

See accompanying notes to financial statements.

**BAY AREA TURNING POINT, INC.**  
**Statements of Activities**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue</b>						
Grant income - federal awards	\$ 1,554,417	-	1,554,417	\$ 1,176,992	\$ -	\$ 1,176,992
Grant income - state awards	260,204	-	260,204	232,529	-	232,529
Grant income - other	222,705	-	222,705	209,662	-	209,662
Businesses and organizations	396,340	-	396,340	279,008	-	279,008
Churches	17,301	-	17,301	16,927	-	16,927
Individual donations	100,516	-	100,516	136,127	-	136,127
Resale shop	199,932	-	199,932	217,216	-	217,216
Contributions-in-kind	191,282	-	191,282	237,021	-	237,021
Fees	15,163	-	15,163	31,236	-	31,236
Investment income (loss)	5,932	-	5,932	(905)	-	(905)
Amounts released from restrictions	62	(62)	-	-	-	-
Total Revenues	<u>2,963,854</u>	<u>(62)</u>	<u>2,963,792</u>	<u>2,535,813</u>	<u>-</u>	<u>2,535,813</u>
<b>Expenses</b>						
<b>Program Expenses</b>						
Shelter services	1,006,654	-	1,006,654	1,042,359	-	1,042,359
Advocacy and education, family violence	650,159	-	650,159	554,811	-	554,811
Advocacy and education, sexual assault	376,573	-	376,573	304,724	-	304,724
Self-reliance program	431,119	-	431,119	481,457	-	481,457
Total Program Expenses	<u>2,464,505</u>	<u>-</u>	<u>2,464,505</u>	<u>2,383,351</u>	<u>-</u>	<u>2,383,351</u>
<b>Support Expenses</b>						
Resale shop	167,238	-	167,238	157,934	-	157,934
Management and general	98,613	-	98,613	121,175	-	121,175
Fundraising	87,258	-	87,258	99,615	-	99,615
Total Support Expenses	<u>353,109</u>	<u>-</u>	<u>353,109</u>	<u>378,724</u>	<u>-</u>	<u>378,724</u>
Total Expenses	<u>2,817,614</u>	<u>-</u>	<u>2,817,614</u>	<u>2,762,075</u>	<u>-</u>	<u>2,762,075</u>
Change in Net Assets	146,240	(62)	146,178	(226,262)	-	(226,262)
Net assets, beginning of year	<u>2,624,070</u>	<u>62</u>	<u>2,624,132</u>	<u>2,850,332</u>	<u>62</u>	<u>2,850,394</u>
Net assets, end of year	<u>\$ 2,770,310</u>	<u>\$ -</u>	<u>\$ 2,770,310</u>	<u>\$ 2,624,070</u>	<u>\$ 62</u>	<u>\$ 2,624,132</u>

See accompanying notes to financial statements.

**BAY AREA TURNING POINT, INC.**

Statement of Functional Expenses  
Year Ended December 31, 2016

	Program Expenses					Support Expenses				
	Shelter Services	Advocacy and Education Family Violence	Advocacy and Education Sexual Assault	Self Reliance Program	Total Program Expenses	Resale Shop	Management and General	Fundraising	Total Support Expenses	Total
Wages	\$ 582,419	\$ 421,626	\$ 273,025	\$ 167,350	\$ 1,444,420	\$ 62,149	\$ 52,587	\$ 59,384	\$ 174,120	\$ 1,618,540
Payroll taxes	44,467	32,229	20,826	12,505	110,027	4,714	9,010	4,626	18,350	128,377
Employee benefits	60,608	42,508	24,569	20,093	147,778	8,305	3,675	4,798	16,778	164,556
Supplies	16,615	8,180	4,187	6,040	35,022	2,285	3,307	2,663	8,255	43,277
Equipment	814	-	109	-	923	-	36	-	36	959
Food	18,333	4	4	-	18,341	-	-	286	286	18,627
Depreciation and amortization	57,107	12,286	5,950	2,241	77,584	2,368	3,843	-	6,211	83,795
Utilities	22,394	4,614	1,677	839	29,524	7,221	898	360	8,479	38,003
Professional fees	15,416	13,546	9,104	5,409	43,475	2,904	8,196	7,150	18,250	61,725
Rent	-	13,422	13,422	-	26,844	66,555	-	195	66,750	93,594
Insurance	12,539	8,588	2,973	850	24,950	541	680	177	1,398	26,348
Maintenance and repairs	7,867	33,428	5,266	2,697	49,258	1,360	3,223	729	5,312	54,570
Printing and publications	136	2,289	160	78	2,663	23	1,015	476	1,514	4,177
Assistance to individuals	1,871	-	-	203,439	205,310	-	599	-	599	205,909
In-kind donations used	145,515	39,257	-	-	184,772	-	6,511	-	6,511	191,283
Telephone	5,549	5,449	3,466	1,749	16,213	775	1,762	449	2,986	19,199
Travel	4,540	4,848	8,088	6,417	23,893	-	-	476	476	24,369
Equipment rental	3,751	3,035	1,453	952	9,191	1,810	869	354	3,033	12,224
Awards and recognition	-	-	-	-	-	-	43	1,713	1,756	1,756
Postage	804	660	396	264	2,124	132	302	137	571	2,695
Other expenses	5,909	4,190	1,898	196	12,193	6,096	2,057	3,285	11,438	23,631
	<u>\$ 1,006,654</u>	<u>\$ 650,159</u>	<u>\$ 376,573</u>	<u>\$ 431,119</u>	<u>\$ 2,464,505</u>	<u>\$ 167,238</u>	<u>\$ 98,613</u>	<u>\$ 87,258</u>	<u>\$ 353,109</u>	<u>\$ 2,817,614</u>

See accompanying notes to financial statements.

**BAY AREA TURNING POINT, INC.**

Statement of Functional Expenses  
Year Ended December 31, 2015

	Program Expenses					Support Expenses				
	Shelter Services	Advocacy and Education Family Violence	Advocacy and Education Sexual Assault	Self Reliance Program	Total Program Expenses	Resale Shop	Management and General	Fundraising	Total Support Expenses	Total
Wages	\$ 585,027	\$ 373,475	\$ 225,464	\$ 175,672	\$ 1,359,638	\$ 54,996	\$ 64,616	\$ 73,734	\$ 193,346	\$ 1,552,984
Payroll taxes	42,992	27,701	16,762	12,580	100,035	4,090	23,611	5,498	33,199	133,234
Employee benefits	57,984	34,331	19,751	19,384	131,450	7,573	6,131	7,190	20,894	152,344
Supplies	8,095	5,148	3,746	3,472	20,461	1,804	2,181	1,718	5,703	26,164
Equipment	366	-	-	40	406	22	67	-	89	495
Food	16,179	22	-	1,878	18,079	-	-	-	-	18,079
Depreciation and amortization	55,326	9,048	3,593	1,958	69,925	2,272	3,659	-	5,931	75,856
Utilities	24,931	4,812	1,751	930	32,424	7,780	934	379	9,093	41,517
Professional fees	12,515	12,348	7,592	7,022	39,477	1,530	9,507	3,526	14,563	54,040
Rent	-	7,267	8,333	-	15,600	63,838	-	-	63,838	79,438
Insurance	11,892	7,081	2,673	1,267	22,913	865	1,497	761	3,123	26,036
Maintenance and repairs	18,662	3,426	1,189	748	24,025	1,135	825	73	2,033	26,058
Printing and publications	152	807	752	51	1,762	25	81	302	408	2,170
Assistance to individuals	2,274	-	-	249,026	251,300	-	-	-	-	251,300
In-kind donations used	186,243	48,755	-	-	234,998	200	1,823	-	2,023	237,021
Telephone	7,792	7,440	4,383	2,101	21,716	629	3,001	163	3,793	25,509
Travel	4,359	5,028	5,286	3,785	18,458	-	476	255	731	19,189
Equipment rental	3,341	2,812	1,325	790	8,268	2,416	1,207	355	3,978	12,246
Awards and recognition	540	450	270	180	1,440	92	1,265	3,205	4,562	6,002
Postage	487	472	320	230	1,509	130	159	78	367	1,876
Other expenses	3,202	4,388	1,534	343	9,467	8,537	135	2,378	11,050	20,517
	<u>\$ 1,042,359</u>	<u>\$ 554,811</u>	<u>\$ 304,724</u>	<u>\$ 481,457</u>	<u>\$ 2,383,351</u>	<u>\$ 157,934</u>	<u>\$ 121,175</u>	<u>\$ 99,615</u>	<u>\$ 378,724</u>	<u>\$ 2,762,075</u>

See accompanying notes to financial statements.



**BAY AREA TURNING POINT, INC.**  
 Statements of Cash Flows  
 Years Ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 146,178	\$ (226,262)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation and amortization	83,795	75,856
Unrealized (gain) loss on investments	(3,788)	3,998
(Increase) decrease in operating assets:		
Accounts receivable, grants	(187,014)	(58,940)
Prepaid expenses and other	(5,746)	(1,465)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,729	9,805
Net cash provided by (used in) operating activities	40,154	(197,008)
<b>Cash flows from investing activities:</b>		
Net purchase of fixed assets	(99,908)	(6,946)
Proceeds from sale of investments	-	66,583
Investment in mutual funds	(6,532)	
Deposits	(6,800)	6,451
Net cash provided by (used in) investing activities	(113,240)	66,088
<b>Cash flows from financing activities:</b>		
	-	-
Net decrease in cash and cash equivalents	(73,086)	(130,920)
<b>Cash and cash equivalents at beginning of year</b>	493,492	624,412
<b>Cash and cash equivalents at end of year</b>	\$ 420,406	\$ 493,492
<b>Supplemental Disclosure:</b>		
Cash paid for interest	\$ -	\$ -
<b>Non cash investing activities</b>		
Original cost of assets retired	21,514	9,793
Accumulated depreciation of assets retired	21,514	9,793

See accompanying notes to financial statements.

## **BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

### **NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Bay Area Turning Point, Inc. (the "Organization" or "BATP") is a Texas non-profit corporation chartered in 1991. BATP's primary mission is to provide crisis intervention, recovery groups, advocacy, and shelter to adults and children who are victims of family violence, sexual violence, and/or homelessness in the Houston area. BATP is supported primarily through donor contributions and grants.

BATP is exempt from federal income tax under the Internal Revenue Code Section 501 (c) (3) for income related to its exempt purpose. BATP is classified by the Internal Revenue Service as an organization other than a private organization.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation*** - BATP's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). For financial statement purposes, BATP distinguishes between contributions of unrestricted assets, temporarily restricted assets, and permanently restricted assets as follows:

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be used for any purpose or designated for specific purposes by action of the Board of Directors.

*Temporarily Restricted* - Net assets that are subject to donor-imposed stipulations that can be fulfilled by actions of BATP pursuant to those stipulations or that expire by the passage of time.

*Permanently Restricted* - Net assets subject to donor-imposed stipulations that they be maintained permanently by BATP. There were no permanently restricted net assets as of December 31, 2016 and 2015.

***Use of Estimates*** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates for the Organization include the depreciable life of property and equipment, potential impairment of long-lived assets, the fair value of donated materials or services and the allocation of expenses by function. Actual results could differ from those estimated.

***Cash and Cash Equivalents*** - For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

***Short Term Investments*** – Investments consist of certificates of deposit with maturities of six months to one year and mutual funds. Certificates of deposits are reported at their carrying amounts plus accrued interest, which approximate fair value, based upon their short term maturities.

Mutual funds are reported at fair value with gains and losses based upon quoted market prices. Investment income, including unrealized gains and losses, is included as a change to unrestricted net assets unless otherwise specified by donor restrictions.

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable and Allowance for Doubtful Accounts*** - Grants included in accounts receivable are individually analyzed for purposes of determining collectability at year end and an allowance was not deemed necessary as of December 31, 2016 and 2015.

***Property and Equipment*** – The Organization capitalizes all property and equipment valued at greater than \$1,000 with a useful life of more than one year. Purchased property and equipment is recorded at cost while contributed property is recorded at fair value at the date of contribution. Property and equipment are depreciated using the straight-line method over the useful lives of the assets which range from two to forty years. Absent donor stipulations, donated property and equipment is recorded as unrestricted support when placed in service.

Expenditures for maintenance and repairs of fixed assets are charged to operations as incurred. Additions, improvements and major renewals are capitalized. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts, and any profit or loss on disposition is credited or charged to earnings.

***Impairment of Long-lived Assets*** – GAAP requires an entity to review long-lived tangible and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of its carrying amount to future undiscounted cash flows the assets are expected to generate. The Organization considers historical performance and future estimated results in its evaluation of impairment. No impairment has been recorded for the years ended December 31, 2016 and 2015.

***Contributions*** - Contributions received (including unconditional promises to give) are recorded as unrestricted, temporarily restricted, or permanently restricted support in the period received depending on the existence and/or nature of any donor restrictions. Contributions received which are part of BATP's ongoing major or central activities are recognized as revenue, while contributions which are peripheral or incidental are recognized as gains. Conditional promises to give (grants) are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

BATP reports contributions as restricted support if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, BATP reports the support as unrestricted. Support that is not restricted by the donor is reported as an increase in unrestricted net assets in the reporting period in which the support is recognized.

Donated assets or contributed services are recorded at their estimated fair values at the date of receipt or occurrence. The value of contributed services meeting the requirements for recognition are based upon the comparative cost of acquiring such services. In addition, many individuals volunteer their time and perform a variety of tasks that assist BATP, but these services do not meet the criteria for recognition as contributed services, and have not been recorded in the accompanying financial statements.

***Functional Expenses*** - The expense information contained in the statements of activities and functional expenses is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates.

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fundraising Expenses*** – Fundraising costs include direct costs of carrying out the fundraising activities, an allocation of payroll costs for staff members involved in the fundraising activities, and an allocation of indirect overhead costs. Costs of products or services that directly benefit the donors are recorded as an offset to fundraising revenues.

***Compensated Absences*** – Employees are allowed to carry-over one-half of the current year vacation accrual to the following year. Sick leave is accrued and carries over year to year, but is not payable in cash to the employee. Therefore, unused vacation time is accrued as an expense in the financial statements based on amounts accumulated within the past year. Unused sick time is not recorded as an expense until such time it is used.

***Income Taxes*** - BATP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BATP is also exempt from Texas state franchise tax. Accordingly, there is no provision or liability for federal or state income taxes in the accompanying financial statements. GAAP requires recognition and disclosure of uncertain tax positions in the financial statements and footnotes. Management of BATP believes it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Organization is subject to examination for its prior three years of information returns, but has not received any such notice from the IRS.

***Concentration of Credit Risk*** - Financial instruments which potentially subject BATP to concentrations of credit risk consist principally of cash and cash equivalents, short term investments and grants receivable. At December 31, 2016 and 2015, the Company had \$0 and \$1,618, respectively, in cash deposits in excess of the FDIC insurance limit. The Texas Presbyterian Fund mutual fund balance of \$101,489 and \$97,216, which is reported within short term investments, was not insured by the SIPC as of December 31, 2016 and 2015, respectively. The Company has not experienced any losses on such accounts, nor does it anticipate any losses. For grants receivable, BATP performs ongoing credit evaluations of the donor's financial condition. Grants receivable are typically due from state and federal governmental agencies, and the risk of loss is considered remote.

***Recently Issued Accounting Principles*** –

***Not-for-Profit Financial Statement Presentation*** –

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This ASU decreases the number of net asset classes from three to two. The new classes will be net assets with donor restrictions and net assets without donor restrictions. The standard also:

- Requires reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions and enhances disclosures about underwater endowments.
- Continues to allow preparers to choose between the direct method and indirect method for presenting operating cash flows, eliminating the requirement for those who use the direct method to perform reconciliation with the indirect method.

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recently Issued Accounting Principles (Continued) –***

*Not-for-Profit Financial Statement Presentation (Continued)-*

- Requires a not-for-profit to provide in the notes qualitative information on how it manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes.
- Requires reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature.

The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2016, but is currently assessing the impact of the new standard on its financial reporting.

*Leases –*

In February, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For private companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2016, but is currently assessing the impact of the new standard on its financial reporting.

***Reclassifications*** – Certain financial statement balances pertaining to 2015 were reclassified to conform to financial statement presentation for the year ending December 31, 2016.

**NOTE 3 – SHORT TERM INVESTMENTS**

Short term investments consist of the following at December 31, 2016 and 2015:

	<u>2016</u>		<u>2015</u>
Certificates of deposit	\$ 206,059	\$	200,019
Mutual funds	101,489		97,216
Money market funds	66		59
Total investments	<u>\$ 307,614</u>	<u>\$</u>	<u>297,294</u>

Investment return includes earnings on cash and cash equivalents and short term investments and consists of the following:

	<u>2016</u>		<u>2015</u>
Interest and dividends	\$ 2,144	\$	3,093
Unrealized gain (loss) on investments	3,788		(3,998)
Investment gain (loss), net	<u>\$ 5,932</u>	<u>\$</u>	<u>(905)</u>

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with GAAP, 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 at the measure date (exit price). GAAP characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs are other-than-quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table presents BATP's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ <u>-</u>	\$ <u>206,059</u>	\$ <u>-</u>	\$ <u>206,059</u>
Mutual funds:				
Equity funds	45,982	-	-	45,982
Fixed income funds	30,003	-	-	30,003
Real estate funds	4,915	-	-	4,915
Other funds	<u>20,589</u>	<u>-</u>	<u>-</u>	<u>20,589</u>
Total mutual funds	<u>101,489</u>	<u>-</u>	<u>-</u>	<u>101,489</u>
Money market funds	<u>66</u>	<u>-</u>	<u>-</u>	<u>66</u>
Total at fair value	\$ <u>101,555</u>	\$ <u>200,019</u>	\$ <u>-</u>	\$ <u>307,614</u>

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table presents BATP's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ <u>          -</u>	\$ <u>200,019</u>	\$ <u>          -</u>	\$ <u>200,019</u>
Mutual funds:				
Equity funds	45,017	-	-	45,017
Fixed income funds	28,264	-	-	28,264
Real estate funds	4,862	-	-	4,862
Other funds	<u>19,073</u>	<u>          -</u>	<u>          -</u>	<u>19,073</u>
Total mutual funds	<u>97,216</u>	<u>          -</u>	<u>          -</u>	<u>97,216</u>
Money market funds	<u>          59</u>	<u>          -</u>	<u>          -</u>	<u>          59</u>
Total at fair value	\$ <u>97,275</u>	\$ <u>200,019</u>	\$ <u>          -</u>	\$ <u>297,294</u>

The investments are valued using Level 1 and 2 inputs, as follows:

*Mutual funds:* Valued at the daily closing price as reported by the fund.

*Certificates of deposit and money market funds:* Valued at cost plus accrued interest, which approximates market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Other financial instruments that are not valued on a recurring basis are cash, receivables and payables. Management believes the carrying amounts of these financial instruments approximate their fair values, based upon their short term nature.

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2016 and 2015:

Description	2016	2015
Building – Shelter	\$ 1,673,436	\$ 1,673,436
Building - Crisis intervention center	529,380	509,535
Land	125,393	125,393
Equipment	336,511	313,256
Vehicles	55,757	55,757
Furniture and fixtures	89,683	61,803
Other fixed assets	45,028	49,193
Office equipment	17,322	17,322
Computer and equipment	26,047	14,468
Total property and equipment	2,898,557	2,820,163
Less: accumulated depreciation	(1,178,370)	(1,116,089)
Total property and equipment, net	\$ 1,720,187	\$ 1,704,074

Depreciation expense was \$83,795 and \$75,856 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 6 – GRANT AWARDS**

Grants received are generally renewable on an annual basis and BATP is dependent on these grants for continued activity. For the years ended December 31, 2016 and 2015, all grants are included in unrestricted revenues. The grants are received on a reimbursement of cost basis. As of December 31, 2016 and 2015, BATP had incurred \$387,831 and \$200,817, respectively, in expenses under these programs that had not been reimbursed and are recorded as accounts receivable – grants in the accompanying financial statements.

**NOTE 7 – CONTRIBUTIONS-IN-KIND**

Bay Area Turning Point, Inc. operates a resale shop, primarily to assist in supporting agency operations. The resale shop also provides clothing to sheltered adults and children and provides for “house set-up” for exiting shelter families. Items donated are not recorded in the financial statements until converted to cash because there is not a reasonable basis to determine fair value.



**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 7 – CONTRIBUTIONS-IN-KIND (CONTINUED)**

Other in-kind contributions are recorded at fair value. For the years ended December 31, 2016 and 2015, in-kind contributions recorded to revenue included:

<b>Description</b>	<b>2016</b>	<b>2015</b>
Assistance to individuals	\$ 73,938	\$ 117,465
Supplies, equipment and other	61,768	49,318
Food	<u>55,576</u>	<u>70,238</u>
Total contributions-in-kind	<u>\$ 191,282</u>	<u>\$ 237,021</u>

In addition, BATP receives contributed services for time spent volunteering at the resale shop and other volunteer hours which do not meet the criteria for recognition as contributed services in the financial statements. Estimated volunteer hours were 9,259 and 10,617 for the years ended 2016 and 2015, respectively.

**NOTE 8 - COMMITMENTS**

**Leases** - BATP has lease agreements to operate its resale shop, requiring monthly payments of \$5,897. This lease was extended in December 2015, and expires in August 2021. BATP also entered into a lease in February 2015 for a wellness center to support the Adult and Education Family Violence and Sexual Assault programs requiring monthly payments of \$1,300 which expires in August 2017. BATP entered into a lease agreement for office space in October 2016, requiring monthly payments of \$4,181. The lease expires in September 2019.

Minimum future rentals for these non-cancellable leases as of December 31, 2016 are as follows:

<b>Year Ending December 31,</b>	
2017	\$ 143,250
2018	140,026
2019	113,542
2020	78,258
2021	53,244
Thereafter	-
Total	<u>\$ 528,320</u>

Rent expense was \$93,594 and \$79,438 for the years ended December 31, 2016 and 2015, respectively.

**BAY AREA TURNING POINT, INC.**

Notes to the Financial Statements

December 31, 2016 and 2015

(Continued)

**NOTE 9 – CONCENTRATIONS**

BATP received a substantial portion of its support from three grantors, as listed below:

	Percentage of Revenue 2016	Percentage of Revenue 2015	Percentage of Accounts Receivable 2016	Percentage of Accounts Receivable 2015
Texas Health and Human Services Commission	10%	10%	10%	20%
U.S. Department of Housing and Urban Development	20%	22%	35%	50%
U.S. Department of Justice	16%	8%	40%	13%

**NOTE 10 – UNRESTRICTED NET ASSETS DESIGNATED BY THE BOARD OF DIRECTORS**

BATP's Board of Directors has elected to place the following limitations on unrestricted assets as of December 31, 2016 and 2015:

Description	2016	2015
Designated for emergency contingency fund	\$ 587,345	\$ 566,544
Total unrestricted net assets designated by Board	<u>\$ 587,345</u>	<u>\$ 566,544</u>

**NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS**

During 2016, restrictions on \$62 of temporarily restricted assets received in a prior year were satisfied. There was \$0 and \$62 remaining in temporarily restricted net assets as of December 31, 2016 and 2015.

**NOTE 12 – PENSION PLAN**

BATP sponsors a 401(k) retirement plan for all employees with one year or more of service. BATP makes contributions equal to 100% of the employee's elective contributions, not to exceed 6% of a participant's compensation. Total pension plan expense was \$35,606 and \$35,711 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 13 – SUBSEQUENT EVENTS**

BATP's management has evaluated and disclosed subsequent events through June 22, 2017, the date the financial statements were available to be issued.

**Report on Internal Control over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Board of Directors  
Bay Area Turning Point, Inc.  
Webster, Texas:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Bay Area Turning Point, Inc. (BATP), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon June 22, 2017.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered BATP'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 BATP's internal control. Accordingly, we do not express an opinion on the effectiveness of BATP'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

# PMB Helin Donovan

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BATP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

Houston, Texas  
June 22, 2017

**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required By  
*The Uniform Guidance Audit Requirements***

To the Board of Directors  
Bay Area Turning Point, Inc.  
Webster, Texas:

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

We have audited B ATP'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 Bay Area Turning Point, Inc.'s (B ATP) major federal programs for the year ended December 31, 2016. B ATP'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of B ATP's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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. An audit includes examining, on a test basis, evidence about B ATP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of B ATP's compliance.

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

In our opinion, Bay Area Turning Point, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## Internal Control Over Compliance

Management of BATP is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered BATP'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 the 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 BATP's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

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

**PMB HELIN DONOVAN, LLP**

*PMB Helin Donovan, LLP*

June 22, 2017  
Houston, Texas

**Bay Area Turning Point, Inc.**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA	Grant/Contract Award Number	Federal Expenditures
<b><u>CDBG - Entitlement Grants Cluster</u></b>			
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>			
Pass-through programs from:			
City of League City, Texas Community Development Block Grant	14.218	2015-1; IDIS Activity 77	\$ 2,024
City of Houston Housing & Community Development Department Community Development Block Grant	14.218	None	18,743
Total CDBG Cluster			<u>20,767</u>
<b><u>Other Programs</u></b>			
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>			
Transitional Housing - Special Needs and Employment Supportive Housing Program	14.235	TX0196L6E001407; TX0196L6E001508	100,251
Pass-through programs from:			
Texas Department of Housing and Community Affairs			
Emergency Solutions Grant	14.231	42150002296; 42160002537	283,892
City of Houston Housing & Community Development Department Emergency Solutions Grant - Shelter Services Program	14.231	None	175,913
Total U.S. Department of Housing & Urban Development			<u>580,823</u>
<b><u>U.S. Department of Justice</u></b>			
Pass-through programs from:			
Governor's Office - State of Texas			
Victims of Crime Acts (VOCA) - Victim Assistance Services	16.575	1353016; 1353017	487,780
Total U.S. Department of Justice			<u>487,780</u>
<b><u>Department of Health &amp; Human Services</u></b>			
Pass-through programs from:			
Texas Health and Human Services Commission			
Family Violence and Preventative Services	93.671	529-15-0032-00047B; 529- 15-0032-00047C	79,641
Family Violence and Preventative Services Exceptional Item Funding	93.558	529-16-0015-00002	24,222
Social Services Block Grant	93.667	529-15-0032-00047B; 529- 15-0032-00047C	199,987
Texas Office of Attorney General			
Sexual Assault Prevention and Crisis Services Program	93.136	1558428; 1666023; 1667443	76,096
Other Victim Assistance Grant	93.991	1663814; 1768027	36,403
Total Department of Health & Human Services			<u>416,349</u>
<b><u>Federal Emergency Management Assistance</u></b>			
Pass-through programs from:			
United Way of Greater Houston			
Stewart B. McKinney Homeless Assistance Act-Emergency Food and Shelter National Board Program Phase 32	97.024	LRO #782800-069	22,000
Total Federal Emergency Management Assistance			<u>22,000</u>
<b><u>U.S. Department of Agriculture</u></b>			
Pass-through programs from:			
Texas Department of Agriculture - Food and Nutritional Division			
Child and Adult Care Food Program	10.558	01914	47,465
Total U.S. Department of Agriculture			<u>47,465</u>
<b>TOTAL EXPENDITURES</b>			<u>\$ 1,554,417</u>

See accompanying notes to the schedule of expenditures of federal awards.

**BAY AREA TURNING POINT, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The Schedule of Expenditures of Federal Awards (the “Schedule”) includes the activity of all federal grant programs administered by Bay Area Turning Point, Inc. (Bay Area Turning Point). Bay Area Turning Point’s organization is defined in Note 1 of Bay Area Turning Point’s basic financial statements.

**(b) Basis of Presentation**

The Schedule presents total federal awards expended for each individual program in accordance with the Uniform Guidance.

**(c) Basis of Accounting**

The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of Bay Area Turning Point’s basic financial statements.

**(2) Subrecipients**

No federal awards were provided to subrecipients for the year ended December 31, 2016.

**(3) Non-cash assistance**

No federal awards were expended in the form of non-cash assistance for the year ended December 31, 2016.

**(4) Insurance**

There was \$13,157 of insurance costs expended through federal awards during the year ended December 31, 2016.

**(5) Outstanding Loans**

There were no loans outstanding as of December 31, 2016.

**(6) Relationship to Federal Financial Reports**

The amounts reported in the financial statements agree with the amounts reported in the accompanying Schedule of Expenditures of Federal Awards which is prepared on the basis explained in Note 2 of the financial statements.

**(7) Indirect Cost Rate**

Bay Area Turning Point is subject to negotiated indirect cost rates and, therefore, is not eligible to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



**BAY AREA TURNING POINT, INC.**  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2016

**Section I - Summary of Auditors' Results**

**A Financial Statements**

Type of auditors' report issued:	<b>Unqualified opinion</b>
Internal control over financial reporting:	
<ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> </ul>	<b>No</b>
<ul style="list-style-type: none"> <li>• Significant deficiency(ies) identified that are not considered to be material weaknesses?</li> </ul>	<b>None reported</b>
Noncompliance material to financial statements noted?	<b>No</b>

**B. Federal Awards**

Internal control over compliance:	
<ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> </ul>	<b>No</b>
<ul style="list-style-type: none"> <li>• Significant deficiency(ies) identified that are not considered to be material weaknesses?</li> </ul>	<b>None reported</b>

Type of auditors' report issued on compliance for major programs:	<b>Unqualified</b>
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Any audit findings disclosed that are required to be reported in accordance with Subpart A 200.5 of the Uniform Guidance	<b>No</b>
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	U.S. Department of Justice – Victims of Crime Acts (VOCA) – Crime Victim Assistance

Dollar threshold used to distinguish programs:	<b>\$750,000</b>
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Auditee qualified as low-risk auditee:	<b>Yes</b>
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**Section II - Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

None reported

**Section IV– Summary Schedule of Prior Audit Findings**

None reported