TURNING POINT BEHAVIORAL HEALTH CARE CENTER

FINANCIAL STATEMENTS AS OF JUNE 30, 2022 AND 2021

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Turning Point Behavioral Health Care Center:

Opinion

We have audited the accompanying financial statements of Turning Point Behavioral Health Care Center, which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turning Point Behavioral Health Care Center as June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turning Point Behavioral Health Care Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Turning Point Behavioral Health Care Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Turning Point Behavioral Health Care Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Turning Point Behavioral Health Care Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, on our consideration of Turning Point Behavioral Health Care Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Turning Point Behavioral Health Care Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Turning Point Behavioral Health Care Center's internal control over financial reporting and compliance.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
February 7, 2023

TURNING POINT BEHAVIORAL HEALTH CARE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 998,585	$ 538,775
Accounts receivable	434,151	426,338
Total current assets	1,432,736	965,113
PROPERTY AND EQUIPMENT, net of accumulated depreciation	2,598,814	2,740,280
OTHER ASSETS:		
Investments	1,238,419	1,353,948
Intangible assets, net	54,654	24,871
Deposits	6,675	40,210
Total other assets	1,299,748	1,419,029
Total assets	$ 5,331,298	$ 5,124,422
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Notes payable, current	$ 55,543	$ 85,924
Accounts payable and accrued expenses	166,921	55,308
Accrued payroll expenses	182,599	149,089
Deferred income	6,750	8,250
Total current liabilities	411,813	298,571
LONG-TERM LIABILITIES:		
Notes payable, net of current maturities	1,589,457	1,522,830
Total liabilities	2,001,270	1,821,401
NET ASSETS:		
Without donor restrictions	3,139,862	3,070,521
With donor restrictions	190,166	232,500
Total net assets	3,330,028	3,303,021
Total liabilities and net assets	$ 5,331,298	$ 5,124,422

The accompanying notes are an integral part of this statement.

TURNING POINT BEHAVIORAL HEALTH CARE CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Public support -						
Contributions	$ 34,661	$ -	$ 34,661	$ 53,508	$ -	$ 53,508
Special events revenue, net of expenses	90,604	-	90,604	86,508	-	86,508
Total public support	125,265	-	125,265	140,016	-	140,016
Grants -						
Department of Human Services	1,984,621	-	1,984,621	1,387,252	-	1,387,252
Grant under CARES act	-	-	-	114,361	-	114,361
Other grants	90,663	194,000	284,663	122,619	190,000	312,619
Total grants	2,075,284	194,000	2,269,284	1,624,232	190,000	1,814,232
Program services fees -						
Department of Human Services	2,062,699	-	2,062,699	1,745,962	-	1,745,962
Program service fees	383,915	-	383,915	387,290	-	387,290
Total program service fees	2,446,614	-	2,446,614	2,133,252	-	2,133,252
Other revenue -						
Rental income	89,693	-	89,693	76,729	-	76,729
Miscellaneous income	4,709	-	4,709	37,687	-	37,687
Total other revenue	94,402	-	94,402	114,416	-	114,416
Investment income-						
Gain (loss) on investments	(136,285)	-	(136,285)	221,802	-	221,802
Interest and dividend income	31,033	-	31,033	23,906	-	23,906
Total investment income (loss)	(105,252)	-	(105,252)	245,708	-	245,708
Net assets released from restrictions	236,334	(236,334)	-	216,400	(216,400)	-
Total support, fees and revenue	4,872,647	(42,334)	4,830,313	4,474,024	(26,400)	4,447,624
EXPENSES:						
Program	4,256,164	-	4,256,164	3,286,809	-	3,286,809
Management and general	404,252	-	404,252	510,963	-	510,963
Fundraising	142,890	-	142,890	136,765	-	136,765
Total expenses	4,803,306	-	4,803,306	3,934,537	-	3,934,537
CHANGE IN NET ASSETS	69,341	(42,334)	27,007	539,487	(26,400)	513,087
NET ASSETS, Beginning of year	3,070,521	232,500	3,303,021	2,531,034	258,900	2,789,934
NET ASSETS, End of year	$ 3,139,862	$ 190,166	$ 3,330,028	$ 3,070,521	$ 232,500	$ 3,303,021

The accompanying notes are an integral part of this statement.

EXHIBIT 3

TURNING POINT BEHAVIORAL HEALTH CARE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	$ 27,007	$ 513,087
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	221,907	213,948
Donated fixed assets	(17,463)	-
Net realized and unrealized (gain) loss on investments	136,285	(221,802)
Change in assets and liabilities:		
(Increase) decrease in receivables	(7,813)	74,590
(Increase) decrease in deposits	33,535	(8,601)
Decrease in prepaid expenses	1,063	1,355
Increase in accounts payable and accrued expenses	111,613	38,053
Increase in accrued payroll expenses	32,447	11,982
(Decrease) in refundable advance	-	(114,361)
Increase (decrease) in deferred income	(1,500)	1,500
Net cash provided by operating activities	537,081	509,751
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(49,761)	-
Purchase of intangibles	(43,000)	(114,759)
Proceeds from sale of investments	110,344	90,895
Purchases of investments	(131,100)	(310,407)
Net cash (used in) investing activities	(113,517)	(334,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term debt	(70,411)	(80,415)
Borrowings of long-term debt	106,657	-
Net cash provided by (used in) financing activities	36,246	(80,415)
NET CHANGE IN CASH AND CASH EQUIVALENTS	459,810	95,065
CASH AND CASH EQUIVALENTS, Beginning of year	538,775	443,710
CASH AND CASH EQUIVALENTS, End of year	$ 998,585	$ 538,775
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 102,153	$ 81,463

The accompanying notes are an integral part of this statement.

TURNING POINT BEHAVIORAL HEALTH CARE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program expenses										
	Living Room	Adult Crisis & Emergency	Supportive Residential	CCBYS	Out Patient	FCCT-510	CRSS	Total Program	Management & General	Fundraising	Total
Salaries and wages	$ 298,835	$ 632,053	$ 239,892	$ 202,051	$1,366,370	$ -	$ -	$ 2,739,201	$ 270,542	$ 98,291	$ 3,108,034
Payroll taxes and benefits	24,773	56,029	23,603	12,094	176,950	-	-	293,449	25,241	13,605	332,295
Program consultants	4,425	870	21,776	-	59,478	-	-	86,549	35,316	-	121,865
Administrative and general	41,987	245,501	32,513	33,384	196,885	-	-	550,270	36,672	13,023	599,965
Occupancy	19,322	41,280	14,880	12,533	84,753	-	-	172,768	16,781	6,097	195,646
Depreciation and amortization	21,507	45,489	17,265	14,542	98,338	-	-	197,141	18,166	6,600	221,907
Program equipment and supplies	1,741	19,871	1,360	1,145	17,707	-	-	41,824	1,534	557	43,915
Program rent	-	-	171,762	200	-	-	-	171,962	-	-	171,962
Fundraising	-	-	-	-	-	-	-	-	-	23,072	23,072
TP Academy	1,500	1,500	-	-	-	-	-	3,000	-	-	3,000
Total functional expenses	414,090	1,042,593	523,051	275,949	2,000,481	-	-	4,256,164	404,252	161,245	4,821,661
Less expenses included with revenues on the statement of activities:											
Special events expenses	-	-	-	-	-	-	-	-	-	(18,355)	(18,355)
Total functional expenses included in the expenses section of the statement of activities	$ 414,090	$ 1,042,593	$ 523,051	$ 275,949	$ 2,000,481	$ -	$ -	$ 4,256,164	$ 404,252	$ 142,890	$ 4,803,306

The accompanying notes are an integral part of this statement.

TURNING POINT BEHAVIORAL HEALTH CARE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program expenses										
	Living Room	Adult Crisis & Emergency	Supportive Residential	CCBYS	Out Patient	FCCT-510	CRSS	Total Program	Management & General	Fundraising	Total
Salaries and wages	$ 241,657	$ 245,623	$ 216,533	$ 215,953	$ 962,849	$ 2,956	$ 38,366	$ 1,923,937	$ 352,085	$ 85,805	$ 2,361,827
Payroll taxes and benefits	40,140	50,841	49,817	37,079	198,844	730	9,714	387,165	55,002	19,884	462,051
Program consultants	-	5,395	-	-	126,381	35,119	-	166,895	-	-	166,895
Administrative and office supplies	34,041	30,182	22,877	14,685	161,332	740	5,195	269,052	46,592	12,996	328,640
Occupancy	16,617	16,617	14,955	9,970	74,778	-	3,323	136,260	25,308	4,985	166,553
Depreciation and amortization	47,704	20,916	18,824	12,550	72,122	-	4,183	176,299	31,374	6,275	213,948
Program equipment and supplies	20,386	21,448	9,662	-	5,438	-	2,500	59,434	602	-	60,036
Program rent	-	-	164,057	3,629	-	-	-	167,686	-	-	167,686
Provision for bad debts	-	-	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	81	-	-	-	81	-	27,830	27,911
Total functional expenses	400,545	391,022	496,725	293,947	1,601,744	39,545	63,281	3,286,809	510,963	157,775	3,955,547
Less expenses included with revenues on the statement of activities:											
Special events expenses	-	-	-	-	-	-	-	-	-	(21,010)	(21,010)
Total functional expenses included in the expenses section of the statement of activities	$ 400,545	$ 391,022	$ 496,725	$ 293,947	$ 1,601,744	$ 39,545	$ 63,281	$ 3,286,809	$ 510,963	$ 136,765	$ 3,934,537

The accompanying notes are an integral part of this statement.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Turning Point Behavioral Health Care Center (the "Organization"), a not-for-profit organization, operates an outpatient community mental health center providing services to adults, adolescents, and children residing in Niles Township, Illinois and neighboring communities.

The financial statements were available to be issued on February 7, 2023, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements.

Basis of Accounting -

The financial statements are maintained on the accrual basis of accounting which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations.* Under the ASC, the Organization is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions – Net assets subjects to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates -

The preparation of financial statements in conformity with U.S. GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

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

Concentrations of Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits in various banks from time to time. The Organization has not experienced any losses in such accounts.

Receivables -

Accounts, grants, and pledges receivable arise in the normal course of the Organization's activities. The Organization recognizes an allowance for losses on accounts receivable in an amount equal to the estimated probable losses. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs. Bad debt expense for the years ended June 30, 2022 and 2021 was $2,161 and $-0-, respectively.

Investments -

The Organization has investments that are comprised of mutual funds, common stock, corporate bonds, municipal bonds, exchange traded funds, and money markets that are carried at fair market value.

Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment -

Property and equipment are stated at cost if purchased or fair value if contributed. The Organization capitalizes fixed asset additions over $500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Below are the estimated useful lives of the assets:

Furniture and office equipment	5 - 15 years
Vehicles	7 years
Building improvements	7 - 27 years
Buildings	50 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in the statement of activities and changes in net assets.

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

Impairment of Long-Lived Assets -

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2022 and 2021, there have been no such losses.

Intangible Assets -

The Organization incurred the following costs related to intangible assets as of June 30, 2022 and 2021:

	2022	2021
Website	$ 74,355	$ 31,355
EMR System	92,515	92,515
	166,870	123,870
Less: Accumulated amortization	(112,216)	(98,999)
Net intangible assets	$ 54,654	$ 24,871

Under Accounting Standards Codification ("ASC") 350, these costs are recognized as an intangible asset and are being amortized using the straight-line method over five - seven years. Amortization expense related to these assets totaled $13,217 and $13,216 for the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, administrative and office supplies, occupancy, depreciation and amortization, and program equipment and supplies which are allocated on the basis of estimates of time and effort.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

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

Income Taxes - (continued)

The Organization files informational returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2019. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Revenue Recognition for Program Fees -

The Organization receives program fees from the Illinois Department of Human Services (DHS) through fee for service arrangements. The Organization bills for various services provided to DHS based on preapproved rates for each service provided. These services are considered a single performance obligation which is satisfied at a point in time. The performance obligation is met, and revenue recognized, when the services are provided.

The Organization receives program service fees in exchange for providing patient care services. The organization bills these services based on preapproved rates for the services provided. These patient care services are considered a single performance obligation which is satisfied at a point in time. The performance obligation is considered met, and revenue is recognized, when the services are provided to the patients.

The Organization rents some of its office space to tenants. Rental income is considered a single performance obligation that is recognized over time. Rental income is charged each month, and the monthly fees are recognized ratably over the life of the lease.

Revenue Recognition for Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(2) CONCENTRATIONS:

The Organization received approximately 83% and 70% of its total revenues and support from the Illinois Department of Human Services for the years ended June 30, 2022 and 2021.

Receivables from the Illinois Department of Human Services represented 36% and 37% of total receivables at June 30, 2022 and 2021, respectively.

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

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

Level 2:

Inputs to the valuation methodology include:

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

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

Level 3:

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

The asset or liability’s 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(3) FAIR VALUE MEASUREMENTS: (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Exchange Traded Funds, Mutual Funds and Common Stocks: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued at the last quoted bid price.

Municipal Bonds: Valued at the last quoted bid price.

Fair values of assets measured on a recurring basis were as follows:

Description	Assets at Fair Value as of June 30, 2022 Level 1	Level 2	Level 3	Total
Cash equivalents	$ 209,521	$ -	$ -	$ 209,521
Common stocks	587,704	-	-	587,704
Exchange traded funds	243,480	-	-	243,480
Mutual Funds	24,543	-	-	24,543
Corporate bonds	-	71,198	-	71,198
Foreign Bonds	-	24,343	-	24,343
Preferred Cap Securities	-	9,030	-	9,030
Municipal bonds	-	68,600	-	68,600
Total	$ 1,065,248	$ 173,171	$ -	$ 1,238,419

Description	Assets at Fair Value as of June 30, 2021 Level 1	Level 2	Level 3	Total
Cash equivalents	$ 303,692	$ -	$ -	$ 303,692
Common stocks	598,024	-	-	598,024
Exchange traded funds	211,534	-	-	211,534
Mutual Funds	25,024	-	-	25,024
Corporate bonds	-	124,222	-	124,222
Foreign Bonds	-	20,147	-	20,147
Municipal bonds	-	71,305	-	71,305
Total	$ 1,138,274	$ 215,674	$ -	$ 1,353,948

(4) RECEIVABLES:

Receivables at June 30, 2022 and 2021 consist of:

		2022		2021
Accounts receivable	$	255,307	$	257,410
Grants receivable		176,424		168,928
Pledges receivable		2,420		-
Receivables, net of allowance	$	434,151	$	426,338

(5) PROPERTY AND EQUIPMENT:

The costs of the Organization's property and equipment as of June 30, 2022 and 2021 were as follows:

		2022		2021
Land	$	415,721	$	415,721
Building		1,543,468		1,543,468
Building improvements		2,436,508		2,410,189
Furniture and equipment		652,883		613,007
Vehicles		62,294		62,294
		5,110,874		5,044,679
Less: Accumulated depreciation		(2,512,060)		(2,304,399)
Net property and equipment	$	2,598,814	$	2,740,280

Depreciation expense for the years ended June 30, 2022 and 2021 was $208,690 and $200,732, respectively.

(6) NOTES PAYABLE:

	2022	2021
Notes payable from Illinois Facilities Fund-Land and Buildings; matures in January 2025 with an interest rate of 3.5% The loan was paid off as a part of the opening of the new loan with Inland Bank.	$ -	$ 141,673
Notes payable from Byline Bank, matures June 2025 with an interest rate of 5.00%, plus an estimated balloon payment of $1,276,626. The loan was paid off as a part of the opening of the new loan with Inland Bank.	$ -	$ 1,470,768
Notes payable from Inland Bank, matures July 2027 with an interest rate of 4.00%, plus an estimated balloon payment of $1,360,187. Secured by the building.	1,645,000	-
Total notes payable	1,645,000	1,612,441
Less - Current maturities	(55,543)	(85,924)
	1,589,457	1,526,517
Less - unamortized debt issuance cost	-	(3,687)
Notes payable - long-term	$ 1,589,457	$ 1,522,830

Maturities on long-term debt are as follows:

Year Ending June 30,	
2023	$ 55,543
2024	57,806
2025	60,161
2026	62,612
2027	65,163
Thereafter	1,343,715
	$ 1,645,000

(7) NET ASSETS:

The Organization's net assets with donor restrictions, as of June 30, were as follows:

	2022	2021
Operation of medical center	$ 45,000	$ 90,000
Time restricted	145,166	142,500
	$ 190,166	$ 232,500

The Organization's net assets without donor restrictions, as of June 30, were as follows:

	2022	2021
General	$ 1,901,443	$ 1,716,573
Board designated investments	1,238,419	1,353,948
	$ 3,139,862	$ 3,070,521

(8) RENTAL INCOME:

The Organization leases portions of its office space to various, unrelated third parties, that expire at various dates through June 2024. Rental income for the years ended June 30, 2022 and June 30, 2021 was $89,693 and $76,729, respectively.

Future minimum rents to be received are as follows:

Year Ending June 30,	
2023	$ 82,541
2024	40,843
	$ 123,384

(9) LEASE COMMITMENTS:

The Organization leases several residential apartments for participants in the Supported Residential Program. Rent expense under these leases was $137,862 and $145,502 for the years ended June 30, 2022 and 2021, respectively.

(9) LEASE COMMITMENTS: (Continued)

Future minimum rent payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

Year Ending June 30,		
2023	$	126,464
2024		18,443
2025		12,603
2026		1,041
2027		387
	$	158,938

(10) RETIREMENT PLAN:

The Organization maintains a non-contributory defined contribution retirement plan which covers substantially all employees who meet certain eligibility requirements. Some employees of the Organization are, at their own option, participating in tax deferred annuity programs. Each participant can contribute a portion of current earnings on a tax deferred basis. For the years ended June 30, 2022 and 2021, there were no employer contributions to the plan.

(11) CONDITIONAL GRANT:

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in April, 2020, the Organization obtained a Payroll Protection Program (PPP) loan in the amount of $433,200. The interest rate on this loan is 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable covered period, with the final payment due in April, 2022. As part of the PPP loan agreement, all or a portion of the loan can be forgiven. The Organization intends to maximize the forgiven portion of this loan as allowed under the Act.

The Organization has determined that the loan represents, in substance, a conditional grant as allowed under ASC 958-605 which recognizes revenue on nonexchange transactions when the barriers to the grants have been met. Per stipulations outlined in the CARES Act, the Organization is using the monies from the PPP loan to fund payroll and other costs. Accordingly, the Organization recognizes a portion of the loan as contribution at the end of each payroll period that is funded by the PPP monies.

Refundable advance as of June 30, 2020	$	114,361
2021 Payroll expenses funded by PPP conditional grant		(114,361)
Refundable advance as of June 30, 2021	$	-

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 998,585	$ 538,775
Accounts receivable	434,151	426,338
Investments	1,238,419	1,353,948
Total financial assets	2,671,155	2,319,061
Less:		
Assets with donor restrictions	(190,166)	(232,500)
Board-designated investment fund	(1,238,419)	(1,353,948)
	(1,428,585)	(1,586,448)
Assets available for general expenditures	$ 1,242,570	$ 732,613

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Investments are included in the table above as these assets are available to be used should the Organization deem necessary; however, the investments are not expected to be used within one year.

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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

To the Board of Directors of
Turning Point Behavioral Health Care Center:

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Turning Point Behavioral Health Care Center (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
February 7, 2023