TURNING POINT FOR GOD

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

TURNING POINT FOR GOD

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Turning Point for God
Lakeside, California

Opinion
We have audited the accompanying consolidated financial statements of Turning Point for God, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Turning Point for God as of June 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Turning Point for God 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.

Emphasis of Matter
Turning Point for God has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases,* as described in Note 2. This had a material effect on the presentation of the June 30, 2023 consolidated financial statements. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Board of Directors
Turning Point for God
Lakeside, California

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Turning Point for God'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Turning Point for God'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.

Capin Crouse LLP

Colorado Springs, Colorado
September 25, 2023

TURNING POINT FOR GOD

Consolidated Statements of Financial Position

	June 30, 2023	June 30, 2022
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 20,532,313	$ 24,775,593
Accounts receivable	376,165	218,544
Promises-to-give–net	120,000	110,000
Prepaid expenses and other assets	3,436,395	2,136,881
Inventory–net	7,542,379	5,090,448
	32,007,252	32,331,466
Cash restricted for long–term purposes	-	2,520,559
Promises-to-give receivable, net of current portion	784,000	818,000
Property held for investment	-	950,000
Life insurance cash surrender value	2,527,872	2,408,841
Film production costs–net	7,365,867	8,347,660
Operating leases–right-of-use-assets	4,138,901	-
Property, equipment, and long-lived assets–net	15,863,497	9,843,731
Total Assets	$ 62,687,389	$ 57,220,257
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	$ 7,857,680	$ 6,803,147
Accrued expenses and other liabilities	1,397,699	1,322,813
Operating lease obligations, current portion	1,684,464	-
Long-term debt, current portion	2,712,172	3,352
	13,652,015	8,129,312
Operating lease obligations, net of current portion	2,495,524	-
Long-term debt, net of current portion	-	5,932
Total liabilities	16,147,539	8,135,244
Net assets:		
Net assets without donor restrictions	42,797,268	45,375,472
Net assets with donor restrictions	3,742,582	3,709,541
Total net assets	46,539,850	49,085,013
Total Liabilities and Net Assets	$ 62,687,389	$ 57,220,257

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	$ 104,022,752	$ 652,512	$ 104,675,264	$ 103,645,339	$ 1,744,804	$ 105,390,143
Revenue:						
Sales, net of discounts	3,807,734	-	3,807,734	4,545,105	-	4,545,105
Special events	413,954	-	413,954	627,310	-	627,310
Gain (loss) on sale of property and equipment	(117,310)		(117,310)	3,260	-	3,260
Interest, investment, and other	410,463	-	410,463	161,617	-	161,617
	4,514,841	-	4,514,841	5,337,292	-	5,337,292
Net assets released from:						
Satisfaction of program restrictions	619,471	(619,471)	-	919,981	(919,981)	-
Total Support, Revenue, and Reclassifications	109,157,064	33,041	109,190,105	109,902,612	824,823	110,727,435
EXPENSES:						
Program activities	93,214,001	-	93,214,001	80,274,898	-	80,274,898
	93,214,001	-	93,214,001	80,274,898	-	80,274,898

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities
(continued)

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
Fund-raising	13,087,637	-	13,087,637	10,432,017	-	10,432,017
General and administrative	5,433,630	-	5,433,630	4,458,327	-	4,458,327
	18,521,267	-	18,521,267	14,890,344	-	14,890,344
Total Expenses	111,735,268	-	111,735,268	95,165,242	-	95,165,242
Change in Net Assets	(2,578,204)	33,041	(2,545,163)	14,737,370	824,823	15,562,193
Net Assets, Beginning of Year	45,375,472	3,709,541	49,085,013	30,638,102	2,884,718	33,522,820
Net Assets, End of Year	$ 42,797,268	$ 3,742,582	$ 46,539,850	$ 45,375,472	$ 3,709,541	$ 49,085,013

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Ministries and Programs	Supporting Activities: General and Administrative	Supporting Activities: Fund-raising	Total
Product shipping and fulfillment costs	$ 21,201,972	$ 745,751	$ 6,459,987	$ 28,407,710
Television airtime and production costs	25,297,802	-	-	25,297,802
Salaries and benefits	13,073,825	2,684,927	3,246,312	19,005,064
Radio airtime and production	9,469,960	-	-	9,469,960
Professional services	5,441,833	304,039	1,705,420	7,451,292
Office, IT, and occupancy	5,501,860	1,210,688	207,651	6,920,199
Conferences, travel, and meetings	3,645,708	11,919	1,410,964	5,068,591
Digital broadcasting	4,391,444	-	-	4,391,444
Depreciation and amortization	3,497,362	108,307	57,303	3,662,972
Grants to others	1,336,768	-	-	1,336,768
Insurance	169,338	364,835	-	534,173
Other	126,007	-	-	126,007
Interest	60,122	3,164	-	63,286
Total expenses	$ 93,214,001	$ 5,433,630	$ 13,087,637	$ 111,735,268

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Ministries and Programs	Supporting Activities: General and Administrative	Supporting Activities: Fund-raising	Total
Product shipping and fulfillment costs	$ 18,987,970	$ 616,661	$ 5,734,382	$ 25,339,013
Television airtime and production costs	21,550,514	-	-	21,550,514
Salaries and benefits	11,214,358	2,368,617	3,028,023	16,610,998
Radio airtime and production	9,181,600	-	-	9,181,600
Professional services	5,176,673	113,950	988,203	6,278,826
Office, IT, and occupancy	4,145,807	847,249	157,728	5,150,784
Conferences, travel, and meetings	4,640,985	11,735	479,098	5,131,818
Digital broadcasting	2,643,295	-	-	2,643,295
Depreciation and amortization	1,300,853	116,610	44,583	1,462,046
Grants to others	1,127,052	-	-	1,127,052
Insurance	136,494	224,797	-	361,291
Other	126,322	156,446	-	282,768
Interest	42,975	2,262	-	45,237
Total expenses	$ 80,274,898	$ 4,458,327	$ 10,432,017	$ 95,165,242

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (2,545,163)	$ 15,562,193
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	3,662,972	1,462,046
(Gain) loss on sale of property, equipment, and long-lived assets	117,310	(3,260)
Non-cash effect of change in accounting principles	110,802	-
Non-cash lease expense	20,266	-
Contributions restricted for long-term purposes	(9,500)	(715,000)
Changes in operating assets and liabilities:		
Accounts receivable	(157,621)	(41,336)
Promises-to-give	24,000	212,000
Prepaid expenses and other assets	(1,299,514)	439,165
Inventory	(2,541,912)	(555,611)
Accounts payable	1,453,884	3,699,782
Accrued expenses and other liabilities	74,886	22,993
Net Cash Provided (Used) by Operating Activities	(1,089,590)	20,082,972
CASH FLOWS FROM INVESTING ACTIVITIES:		
Film production costs incurred	(864,624)	(8,347,660)
Purchases of property, equipment, and long-lived assets	(5,578,162)	(3,443,200)
Proceeds from sale of property held for investment	887,352	27,700
Increase in life insurance cash surrender value	(119,031)	(209,803)
Net Cash Used by Investing Activities	(5,674,465)	(11,972,963)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds for debt obligations	2,000,000	-
Principal payments on debt obligations	(2,009,284)	(1,807,669)
Contributions restricted for long-term purposes	9,500	715,000
Net Cash Provided (Used) in Financing Activities	216	(1,092,669)
Change in Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes	(6,763,839)	7,017,340
Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes, Beginning of Year	27,296,152	20,278,812
Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes, End of Year	$ 20,532,313	$ 27,296,152

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows
(continued)

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH, CASH EQUIVALENTS, AND CASH RESTRICTED FOR LONG-TERM PURPOSES CONSIST OF:		
Cash and cash equivalents	$ 20,532,313	$ 24,775,593
Cash restricted for long-term purposes	-	2,520,559
	$ 20,532,313	$ 27,296,152
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:		
Right-of-use assets obtained in exchange for lease obligations	$ 5,673,213	$ -
Cash paid for interest	$ 52,485	$ 47,419
Property and equipment obtained through debt obligations	$ 2,712,172	$ -
Property and equipment obtained through accounts payable	$ 130,895	$ 530,426
Property held for investment transferred to property, equipment, and long lived assets	$ -	$ 128,005

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

Turning Point for God (the Organization) was incorporated in 1984 in California as a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Turning Point for God is subject to federal income tax on any unrelated business taxable income. In addition, Turning Point for God is not classified as a private foundation within the meaning of Section 509(a) of the IRC. It has been recognized by the IRS as a public charity under Section 509(a)(2) and is considered a church under Section 170 (b)(1)(A)(i).

The Organization is a religious organization dedicated to spreading the Gospel of Jesus Christ throughout the world through the use of radio, television, internet, mobile devices, email, and print. The Organization also offers Christian messages on CD's, DVD's, books, and related study materials as part of its exempt purpose. Substantially all of the above materials are produced by Dr. David Jeremiah, Founder/Chief Executive Officer (CEO) of the Organization, who is also the senior pastor of Shadow Mountain Community Church.

Turning Point Ministries Foundation (the Foundation) was established to serve as a supporting organization to hold and invest assets on behalf of the Organization. Due to shared board members and economic control, this entity is required to be consolidated in the financial statements of Turning Point for God.

The Organization and the Foundation are collectively referred to as Turning Point in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Turning Point have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The following summary of significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

Due to board of directors composition, the Foundation is a controlled affiliate of the Organization. The consolidated financial statements of Turning Point include the consolidated financial resources and activities of the Organization and the Foundation. All significant intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statements of financial position and cash flows, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. Turning Point has not experienced any losses in such accounts. At June 30, 2023 and 2022, cash and cash equivalents on deposit at financial institutions that exceed federally insured balances total approximately $4,769,000 and $27,523,000, respectively.

CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes consists of cash to be used solely for the construction of the television studio minus any construction in process related to the studio.

PROMISES-TO-GIVE

Promises-to-give are recognized as income when made unconditionally, and recorded at fair value based upon estimated future cash flows. Promises-to-give that are expected to be collected within one year are recorded at net realizable value. Promises-to-give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Promises-to-give are reported net of allowances for uncollectible accounts.

INVENTORY

Inventory represents duplicated media, study guides, books, raw material supplies, and other Bible resources. During the year-ended June 30, 2023, all inventory was stated at the lower of cost or net realizable value using average cost. For the year-ended June 30, 2022, all inventory was stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. Management periodically evaluates the inventory for obsolete or slow moving inventory. See Note 5 for further detail.

INVESTMENTS

Investments consist of equities without readily determinable fair values and are reported at cost minus impairment. As of June 30, 2023 and 2022, Turning Point owned 50,000 shares of a privately held stock. As the realization is unknown, the stock originally valued at $1,000,000, was fully reserved for resulting in $0 of investments as of June 30, 2023 and 2022. Donated securities held for investment purposes are recorded at fair value on the date of the gift and are carried in accordance with the above policy.

PROPERTY HELD FOR INVESTMENT

The Foundation owned property held for investment located in Idaho as of June 30, 2022. During the year ended June 30, 2023, the Organization sold the property that had also been held for investment along with a small amount of property and equipment located on the property. The total cash proceeds on the consolidated statements of cash flows was $877,352, and a loss on the sale of approximately $119,000 was recorded within (gain) loss on sale of property, equipment, and long-lived assets on the consolidated statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FILM PRODUCTION COSTS

Film production costs consist of capitalized costs related to the production of a film, which was released in December 2022. These production costs are being amortized over five years, which is the time period in which the most benefits from the film will occur. Management has elected to record the entire year of amortization every December. Amortization expense for the year-ended June 30, 2023 of $1,846,417 was recorded within depreciation and amortization expense on the consolidated statements of activities.

OPERATING LEASES–RIGHT-OF-USE ASSETS AND OBLIGATIONS

The Organization adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of July 1, 2022, which resulted in the recognition of operating leases presented in the consolidated statements of financial position including assets of $4,041,945 and lease obligations of $4,021,125, as of July 1, 2022. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022 without restating prior-year amounts. The additional lease disclosures can be found in Note 6.

PROPERTY, EQUIPMENT, AND LONG-LIVED ASSETS

Expenditures over $5,000 for property, equipment, and long-lived assets are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation and amortization expense is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years.

NET ASSETS

The consolidated financial statements report amounts by classification of net assets as follows:

Net assets without donor restrictions are those resources currently available at the discretion of management for use in Turning Point's operations and those resources invested in property, equipment, and long-lived assets.

Net assets with donor restrictions are those resources which are stipulated by donors for specific operating purposes or capital projects. Promises-to-give that are restricted for future periods are classified as net assets with donor restrictions until they are collected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to Turning Point. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Turning Point records support as contributions with donor restrictions if they are received with donor stipulations that limit their use through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Turning Point receives non-cash gifts that are recorded as support at the estimated fair market value on the date of the gift. Goods given to Turning Point that do not have an objective basis for valuation are not recorded. Turning Point received approximately $340,000 and $213,000, of investment gifts for the years ended June 30, 2023 and 2022, respectively. These gifts were immediately liquidated.

Books, study guides, and other publications are either sold or provided upon request for a contribution of any amount, which is referred to as contribution premiums. The estimated fair market value of such premiums distributed, which are included in contribution income on the consolidated statements of activities, total approximately $26,859,000 and $29,368,000, for the years ended June 30, 2023 and 2022, respectively.

Special events revenue of approximately $414,000 and $627,000, for the years ended June 30, 2023 and 2022, respectively, includes amounts received from cruises and tours sponsored by Turning Point. Related special events costs of approximately $387,000 and $682,000, are included in program activities on the consolidated statements of activities for the years ended June 30, 2023 and 2022, respectively.

Other revenue is recorded when earned. Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of Turning Point. These expenses include depreciation, interest, information technology, and facilities operations. Depreciation and facilities operations are allocated based on square footage occupancy. Interest is allocated to the functional categories which have benefitted from the proceeds of the external debt. Costs of other categories were allocated on estimates of time and effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF JOINT COSTS

Turning Point allocates all costs containing a fund-raising appeal to fund-raising unless all of the criteria of purpose, audience, and content are met. Joint cost allocations are:

	Year Ended June 30, 2023	2022
Program activities	$ 4,099,244	$ 3,055,626
Fund-raising	433,482	328,195
	$ 4,532,726	$ 3,383,821

CHANGE IN ACCOUNTING POLICY

Turning Point transitioned to a new inventory management system during the year-ended June 30, 2023. As a result of the transition, the Organization changed their valuation methodology for inventory from FIFO to average cost. The effect of the change in the year ended June 30, 2023 was approximately $90,000. This amount is reported within non-cash effect of change in accounting principles on the consolidated statements of cash flows.

CHANGE IN ESTIMATE

As a result of the transition to a new inventory management system during the year-ended June 30, 2023, Turning Point updated their methodology for inventory obsolescence. In prior years, Turning Point computed the obsolescence reserve using a combination two reserve components -- one reserve component based on sales and the other reserve component based on the age of the inventory in accordance with the following parameters: 0 - 1 year old (5% reserve), greater than 1 year - 2 years old (11% reserve), and over 2 years (15% reserve). During the year ended June 30, 2023, Turning Point computed obsolesce reserve based on recent sales. For items which have sold less than 100 units in the previous two fiscal years, there is a 100% reserve, unless meeting an exception criteria, such as if the inventory is to be donated or to be discontinued. For the years ended June 30, 2023 and 2022, reserves for obsolete inventory were $1,695,925 and $1,497,515, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842 of the Accounting Standards Codification [ASC]). The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. Turning Point adopted this update for the year ended June 30, 2023. Some of Turning Point's contracts contain the right to control the use of property or assets and are therefore considered leases. Turning Point elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. Turning Point also elected the policy to exclude leases with terms of less than 12 months. The additional lease disclosures can be found in Note 6. The effect of the adjustment to the opening balance of net assets totaled $20,821. As it was deemed immaterial, the net asset difference was adjusted through office, IT, and occupancy on the consolidated statement of functional expenses. This amount is reported within non-cash effect of change in accounting principles on the consolidated statements of cash flows.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Turning Point's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	June 30, 2023	June 30, 2022
Financial assets:		
Cash and cash equivalents	$ 20,532,313	$ 24,775,593
Accounts receivable	376,165	218,544
Promises-to-give–net	904,000	928,000
Cash restricted for long-term purposes	-	2,520,559
Life insurance cash surrender value	2,527,872	2,408,841
Financial assets, at year-end:	24,340,350	30,851,537
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	-	(2,520,559)
Promises-to-give–net collectible beyond one year	(784,000)	(818,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 23,556,350	$ 27,512,978

As part of Turning Point's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, Turning Point also has committed to a line of credit in the amount of $7 million which it could draw upon. See Note 8 for more information on the line of credit.

4. PROMISES-TO-GIVE:

Promises-to-give receivable consists of:

	June 30, 2023	June 30, 2022
Unconditional promises-to-give before discount for present value of cash flows	$ 2,410,000	$ 2,535,000
Less discount for present value of cash flows	(326,000)	(417,000)
Less allowance for uncollectible promises-to-give	(1,180,000)	(1,190,000)
	904,000	928,000
Less current portion	(120,000)	(110,000)
Promises-to-give, net of current portion	$ 784,000	$ 818,000

Amounts as of June 30, 2023, are due in:

Less than one year	$ 120,000
One to five years	784,000
	$ 904,000

5. INVENTORY:

Inventory consists of:

	June 30, 2023	June 30, 2022
Books and Bibles	$ 5,771,935	$ 4,183,263
CDs and videos	1,499,333	1,128,359
Study guides	1,092,522	684,397
Bible resources	753,716	468,743
Inventory supplies	120,798	123,201
	9,238,304	6,587,963
Less reserve for obsolete inventory	(1,695,925)	(1,497,515)
	$ 7,542,379	$ 5,090,448

6. OPERATING LEASES – RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases property, vehicles and equipment under various operating leases expiring at various dates through September 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from $1,076 to $75,751. Discount rates on these leases range from 1.27% to 4.52%.

	June 30, 2023	June 30, 2022
Operating lease right-of-use assets	$ 4,138,901	$ -
Operating lease obligations	$ 4,179,988	$ -
Operating lease costs	$ 1,692,879	$ -
Weighted-average discount rate	2.87%	N/A
Weighted-average remaining lease term	2.63 years	N/A

Future minimum lease payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	
2024	$ 1,684,464
2025	1,723,904
2026	781,687
2027	135,416
2028	21,200
	4,346,671
Less imputed interest	(166,683)
	$ 4,179,988

7. PROPERTY, EQUIPMENT, AND LONG-LIVED ASSETS–NET:

Property, equipment, and long-lived assets–net consist of:

	June 30, 2023	June 30, 2022
Land	$ 1,273,651	$ 1,273,651
Buildings and improvements	8,520,683	7,417,042
Production equipment	9,014,945	8,222,910
Computer equipment and software	4,972,309	4,260,213
Furniture and office equipment	2,089,060	1,390,954
Vehicles and other	231,198	156,186
Website development	904,375	898,615
Airship Genesis	648,344	648,344
	27,654,565	24,267,915
Less accumulated depreciation and amortization	(16,373,968)	(14,592,119)
	11,280,597	9,675,796
Construction in progress	4,582,900	167,935
	$ 15,863,497	$ 9,843,731

Depreciation expense was recorded in the amount of approximately $1,795,000 and $1,316,000, for the years ended June 30, 2023 and 2022, respectively. Amortization expense, related to website development was approximately $21,000 and $146,000, for the years ended June 30, 2023 and 2022, respectively.

8. LONG-TERM DEBT:

Long-term debt consists of:

	June 30, 2023	June 30, 2022
A $10,000,000 construction line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of 5.75%. The line of credit matures March 2024.	$ 2,712,172	$ -
Unsecured note payable to an organization, due in monthly principal installments of $308. Note matures in February 2025. The note was written off in the current year.	-	9,284
Revolving $7,000,000 line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of prime plus 0.25% (effectively 8% as of June 30, 2023). The line of credit matures January 2024.	-	-
	2,712,172	9,284
Less current portion	(2,712,172)	(3,352)
	$ -	$ 5,932

Interest expense for years ended June 30, 2023 and 2022, totaled approximately $63,000 and $45,000, respectively. Turning Point was in compliance with all financial and reporting covenants as of June 30, 2023.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions, restricted by purpose or time, consist of:

	June 30, 2023	June 30, 2022
Studio equipment	$ 2,631,780	$ 2,622,280
Time restricted	904,000	928,000
Global outreach	130,139	112,433
Other program restrictions	76,663	46,828
	$ 3,742,582	$ 3,709,541

10. COMMITMENTS:

During the year ended June 30, 2023, Turning Point entered into a construction contract for completion of a studio project in fiscal year 2024. As of June 30, 2023, Turning Point is committed to paying approximately $1,180,000 of construction costs.

11. RELATED PARTY TRANSACTIONS:

The Founder/CEO of Turning Point is also the senior pastor of Shadow Mountain Community Church (the Church) in El Cajon, California. Various materials produced and sold by Turning Point are derived from sermons conducted on the premises of the Church.

For the years ended June 30, 2023 and 2022, the following transactions occurred between Turning Point and the Church: contributions to the Church were $100,000 and $250,000, respectively; support of Spanish programming aired by Turning Point from the Church totaled $30,000 for both years; and product purchases and other costs used by the Church purchased from Turning Point were $35,250 and $35,358, respectively. Amounts owed to Turning Point by the Church were $2,675 and $7,946, as of June 30, 2023 and 2022, respectively.

The President/Chief Operating Officer (COO) and Founder/CEO of Turning Point hold positions on the board of directors of Turning Point of Canada (the Canadian Charity). The Canadian Charity broadcasts religious programs provided by Turning Point throughout Canada. Turning Point provides fund-raising consulting, programming, product fulfillment, and general business consulting as needed by the Canadian Charity throughout the year. For the years ended June 30, 2023 and 2022, Turning Point invoiced $1,629,369 and $1,737,785, respectively, for goods and services to the Canadian Charity. Accounts receivable from the Canadian Charity were $341,874 and $179,585, as of June 30, 2023 and 2022, respectively.

The President/COO and Founder/CEO of Turning Point hold positions on the board of directors for Turning Point for God of Great Britain. Turning Point for God of Great Britain broadcasts religious programs provided by Turning Point in Great Britain. Turning Point provides fund-raising consulting, programming, product fulfillment, and general business consulting as needed by Turning Point of United Kingdom. For the years ended June 30, 2023 and 2022, Turning Point contributed approximately $529,000 and $400,000, respectively, in goods and services to Turning Point for God of Great Britain. For the year ended June 30, 2022, reimbursements from Turning Point for God of Great Britain were approximately $230,000. Amounts owed to Turning Point by Turning Point for God of Great Britain were $29,413 as of June 30, 2022.

The Founder/CEO of Turning Point also holds a position on the board of directors for the Christian Unified School District. Contributions to the Christian Unified School District from Turning Point totaled approximately $600,000 and $675,000, for the years ended June 30, 2023 and 2022, respectively.

11. RELATED PARTY TRANSACTIONS, continued:

A board member of Turning Point held the position of President at San Diego Christian College. During the years ended June 30, 2023 and 2022, Turning Point paid rent to San Diego Christian College of approximately $75,000 and $109,000 for rent, utilities and furniture.

Turning Point purchases books authored by the Founder/CEO from various publishers at a discounted price negotiated by Turning Point, exclusive of any royalty. In addition, a designated amount of books are acquired and distributed through retail channels for ministry purposes once each year. Books acquired and distributed through retail channels result in standard royalties and agent fees for Dr. Jeremiah and his agent.

12. RETIREMENT PLAN:

Turning Point maintains a 403(b) and 457(b) defined contribution retirement program (the Program) with Guidestone Financial Resources of the Southern Baptist Convention for the benefit of its full-time and part-time employees who, after one year of consecutive service, have worked 1,000 or more hours in the past year of employment. Turning Point contributed 5% of gross wages to all eligible participants of the Program, vesting at 5 years. All employees of Turning Point may make voluntary contributions to the Program by way of elective salary deferrals.

Total retirement expense was approximately $591,000 and $499,000, for the years ended June 30, 2023 and 2022, respectively.

13. SUBSEQUENT EVENT:

Subsequent events have been evaluated through September 25, 2023, which is the date the consolidated financial statements were available to be issued.