



TURNING POINT FOR GOD

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

TURNING POINT FOR GOD

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Turning Point for God
Lakeside, California

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, 2019 and 2018, 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.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Turning Point for God
Lakeside, California

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Turning Point for God, as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
October 1, 2019

TURNING POINT FOR GOD

Consolidated Statements of Financial Position

	June 30,	
	2019	2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,936,015	\$ 4,138,285
Accounts receivable	69,295	32,210
Promises-to-give-net	2,237,620	1,343,118
Prepaid expenses and other assets	1,255,896	1,398,651
Inventory-net	4,242,469	4,013,967
	<u>11,741,295</u>	<u>10,926,231</u>
Promises-to-give receivable, net of current portion	2,533,667	2,110,287
Investments	450,000	450,000
Land held for investment	3,000,000	3,000,000
Life insurance cash surrender value	1,845,635	1,662,427
Property, equipment, and long-lived assets-net	<u>8,616,041</u>	<u>7,296,399</u>
Total Assets	<u>\$ 28,186,638</u>	<u>\$ 25,445,344</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 5,711,304	\$ 3,846,989
Accrued expenses and other liabilities	1,081,781	1,177,440
Long-term debt, current portion	<u>323,970</u>	<u>368,499</u>
	<u>7,117,055</u>	<u>5,392,928</u>
Long-term debt, net	<u>2,617,558</u>	<u>2,949,419</u>
	<u>9,734,613</u>	<u>8,342,347</u>
Net assets:		
Net assets without donor restrictions	16,831,239	15,076,531
Net assets with donor restrictions	<u>1,620,786</u>	<u>2,026,466</u>
	<u>18,452,025</u>	<u>17,102,997</u>
Total Liabilities and Net Assets	<u>\$ 28,186,638</u>	<u>\$ 25,445,344</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 59,337,180	\$ 1,459,268	\$ 60,796,448	\$ 54,484,118	\$ 161,217	\$ 54,645,335
Revenue:						
Sales, net of discounts	2,810,774	-	2,810,774	3,172,626	-	3,172,626
Special events	1,313,290	-	1,313,290	572,270	-	572,270
Interest, investment, and other	61,206	-	61,206	64,581	-	64,581
	<u>4,185,270</u>	<u>-</u>	<u>4,185,270</u>	<u>3,809,477</u>	<u>-</u>	<u>3,809,477</u>
Net assets released from:						
Satisfaction of program restrictions	<u>1,864,948</u>	<u>(1,864,948)</u>	<u>-</u>	<u>773,508</u>	<u>(773,508)</u>	<u>-</u>
Total Support, Revenue, and Reclassifications	<u>65,387,398</u>	<u>(405,680)</u>	<u>64,981,718</u>	<u>59,067,103</u>	<u>(612,291)</u>	<u>58,454,812</u>
EXPENSES:						
Program activities:						
Broadcasting and related costs	45,355,055	-	45,355,055	37,899,600	-	37,899,600
Books, study guides, and other publications	9,137,098	-	9,137,098	9,366,399	-	9,366,399
	<u>54,492,153</u>	<u>-</u>	<u>54,492,153</u>	<u>47,265,999</u>	<u>-</u>	<u>47,265,999</u>

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
Fund-raising	5,972,183	-	5,972,183	5,335,388	-	5,335,388
General and administrative	3,168,354	-	3,168,354	3,428,060	-	3,428,060
	<u>9,140,537</u>	<u>-</u>	<u>9,140,537</u>	<u>8,763,448</u>	<u>-</u>	<u>8,763,448</u>
Total Expenses	<u>63,632,690</u>	<u>-</u>	<u>63,632,690</u>	<u>56,029,447</u>	<u>-</u>	<u>56,029,447</u>
Change in Net Assets	1,754,708	(405,680)	1,349,028	3,037,656	(612,291)	2,425,365
Net Assets, Beginning of Year	<u>15,076,531</u>	<u>2,026,466</u>	<u>17,102,997</u>	<u>12,038,875</u>	<u>2,638,757</u>	<u>14,677,632</u>
Net Assets, End of Year	<u>\$ 16,831,239</u>	<u>\$ 1,620,786</u>	<u>\$ 18,452,025</u>	<u>\$ 15,076,531</u>	<u>\$ 2,026,466</u>	<u>\$ 17,102,997</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

		Supporting Activities		
	Ministries and Programs	General and Administrative	Fund-raising	Total
Television airtime and production costs	\$ 15,793,957	\$ -	\$ -	\$ 15,793,957
Salaries and benefits	7,436,551	1,724,435	1,732,415	10,893,401
Radio airtime and production costs	9,940,799	-	-	9,940,799
Product shipping and fulfillment costs	8,607,276	446,100	64,615	9,117,991
Ministry events and conferences	6,389,302	-	117,243	6,506,545
Direct mail costs	21,398	-	2,794,993	2,816,391
Office expenses	1,632,729	628,749	4,432	2,265,910
Biblical resource development and distribution	1,885,908	-	162,951	2,048,859
Other	1,585,569	295,418	14,544	1,895,531
Technology and web site costs	1,192,978	73,564	36,767	1,303,309
Donor development	5,686	88	1,044,223	1,049,997
Total expenses	<u>\$ 54,492,153</u>	<u>\$ 3,168,354</u>	<u>\$ 5,972,183</u>	<u>\$ 63,632,690</u>

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See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

		Supporting Activities		
	Ministries and Programs	General and Administrative	Fund-raising	Total
Television airtime and production costs	\$ 13,475,039	\$ -	\$ -	\$ 13,475,039
Salaries and benefits	6,728,763	1,571,227	1,548,929	9,848,919
Radio airtime and production costs	9,805,373	-	-	9,805,373
Product shipping and fulfillment costs	8,369,656	447,202	58,486	8,875,344
Ministry events and conferences	2,288,547	43	159,201	2,447,791
Direct mail costs	22,545	-	2,511,009	2,533,554
Office expenses	1,880,849	743,690	3,754	2,628,293
Biblical resource development and distribution	1,979,313	-	159,135	2,138,448
Other	1,746,358	597,367	15,405	2,359,130
Technology and web site costs	964,779	66,509	32,026	1,063,314
Donor development	4,777	2,022	847,443	854,242
Total expenses	<u>\$ 47,265,999</u>	<u>\$ 3,428,060</u>	<u>\$ 5,335,388</u>	<u>\$ 56,029,447</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,349,028	\$ 2,425,365
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	881,118	851,007
Changes in operating assets and liabilities:		
Accounts receivable	(37,085)	326,543
Promises-to-give	(1,317,882)	(432,844)
Prepaid expenses and other assets	142,755	(470,526)
Inventory	(228,502)	(288,386)
Accounts payable	1,864,315	(116,496)
Accrued expenses and other liabilities	(95,659)	118,073
Net Cash Provided by Operating Activities	<u>2,558,088</u>	<u>2,412,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, equipment, and long-lived assets	(2,200,760)	(549,640)
Proceeds from sale of investments	-	1,072
Increase in life insurance cash surrender value	(183,208)	(185,913)
Net Cash Used in Investing Activities	<u>(2,383,968)</u>	<u>(734,481)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	2,300,000	200,000
Payments on long-term debt	(2,676,390)	(2,149,772)
Net Cash Used in Financing Activities	<u>(376,390)</u>	<u>(1,949,772)</u>
Change in Cash and Cash Equivalents	(202,270)	(271,517)
Cash and Cash Equivalents, Beginning of Year	<u>4,138,285</u>	<u>4,409,802</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,936,015</u></u>	<u><u>\$ 4,138,285</u></u>
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 198,995</u>	<u>\$ 230,959</u>
Stock gift received in fulfillment of promise-to-give	<u>\$ -</u>	<u>\$ 450,000</u>
Property and equipment obtained through long-term debt	<u>\$ -</u>	<u>\$ 140,005</u>
Property and equipment obtained through accounts payable	<u>\$ -</u>	<u>\$ 21,005</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

1. NATURE OF ORGANIZATION:

Turning Point for God (the Organization) was incorporated in 1984 in California as a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). It is also exempt from state income taxes. The Organization has been classified as a publicly supported organization, which is not a private foundation, under Section 509(a) of the Code. The primary source of revenue for the Organization is contributions, which are tax-deductible for income tax purposes.

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, 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, president and CEO of the Organization, who is also the senior pastor of Shadow Mountain Community Church.

Turning Point Support 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.

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, 2019 and 2018, cash and cash equivalents on deposit at financial institutions that exceed federally insured balances total approximately \$5,001,000 and \$4,339,000, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. All inventory is 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 common stock and is reported at fair market value. Donated securities are recorded at fair value on the date of the gift and are carried in accordance with the above policy. Donated securities are reported as purchases of investments on the consolidated statements of activities.

LAND HELD FOR INVESTMENT

The Foundation owns land located in Idaho and Virginia and it is not used in operations and has been classified as held for investment. Land held for investment is held at estimated fair value.

PROPERTY, EQUIPMENT, AND LONG-LIVED ASSETS

Expenditures over \$500 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 5 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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. Restrictions on contributions for the acquisition of property or other long-lived assets are considered to be met when the property or other long-lived asset is placed in service.

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 \$142,891 and \$615,335, of investment gifts for the years ended June 30, 2019 and 2018, respectively.

Books, study guides, and other publications are either sold or provided upon request as a contribution premium. The estimated fair market value of premiums distributed which are included in contribution income on the consolidated statements of activities total approximately \$17,435,000 and \$16,797,000, for the years ended June 30, 2019 and 2018, respectively.

Special events revenue of approximately \$1,313,000 and \$572,000, for the years ended June 30, 2019 and 2018, respectively, includes amounts received from cruises and tours sponsored by Turning Point. Related special events costs of approximately \$1,037,000 and \$489,000 are included in program activities on the consolidated statements of activities for the years ended June 30, 2019 and 2018, respectively.

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

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statement 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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

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,	
	2019	2018
Program activities	\$ 1,667,185	\$ 1,623,700
Fund-raising	164,886	160,586
	<u>\$ 1,832,071</u>	<u>\$ 1,784,286</u>

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Turning Point's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

	June 30,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 3,936,015	\$ 4,138,285
Accounts receivable	69,295	32,210
Promises-to-give-net	4,771,287	3,453,405
Investments	450,000	450,000
Life insurance cash surrender value	1,845,635	1,662,427
Financial assets, at year-end:	<u>11,072,232</u>	<u>9,736,327</u>
Less those unavailable for general expenditure within one year, due to:		
Promises-to-give-net collectible beyond one year	(2,533,667)	(2,110,827)
Investments not readily convertible to cash within 12 months	<u>(450,000)</u>	<u>(450,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,088,565</u>	<u>\$ 7,175,500</u>

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 a line of credit in the amount of \$5 million which it could draw upon. See Note 7 for more information on the line of credit.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

4. PROMISES-TO-GIVE:

Promises-to-give receivable consists of:

	June 30,	
	2019	2018
Unconditional promises-to-give before discount for present value of cash flows	\$ 6,017,887	\$ 4,796,318
Less discount for present value of cash flows	(983,000)	(866,313)
Less allowance for uncollectible promises-to-give	(263,600)	(476,600)
	4,771,287	3,453,405
Less current portion	(2,237,620)	(1,343,118)
Promises-to-give, net of current portion	<u>\$ 2,533,667</u>	<u>\$ 2,110,287</u>

Amounts as of June 30, 2019, are due in:

Less than one year	\$ 2,237,620
One to five years	1,827,812
More than five years	705,855
	<u>\$ 4,771,287</u>

5. INVENTORY:

Inventory consists of:

	June 30,	
	2019	2018
Books and Bibles	\$ 3,072,312	\$ 3,040,958
Bible resources	502,027	293,439
Study guides	480,624	460,461
CD's and videos	477,672	522,773
Inventory supplies	181,834	95,336
	4,714,469	4,412,967
Less reserve for obsolete inventory	(472,000)	(399,000)
	<u>\$ 4,242,469</u>	<u>\$ 4,013,967</u>

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

6. PROPERTY, EQUIPMENT, AND LONG-LIVED ASSETS—NET:

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

	June 30,	
	2019	2018
Land	\$ 1,273,651	\$ 1,273,651
Buildings and improvements	6,951,056	6,730,125
Production equipment	6,256,665	6,208,896
Computer equipment and software	2,885,713	1,677,868
Furniture and office equipment	751,665	611,227
Vehicles and other	95,188	95,188
Website development	433,158	323,133
Airship Genesis	244,424	244,424
	<u>18,891,520</u>	<u>17,164,512</u>
Less accumulated depreciation and amortization	<u>(10,984,341)</u>	<u>(10,104,049)</u>
	<u>7,907,179</u>	<u>7,060,463</u>
Construction in progress	<u>708,862</u>	<u>235,936</u>
	<u>\$ 8,616,041</u>	<u>\$ 7,296,399</u>

Depreciation expense was recorded in the amount of \$797,810 and \$769,532, for the years ended June 30, 2019 and 2018, respectively. Amortization expense, related to website development was \$83,308 and \$81,475, for the years ended June 30, 2019 and 2018, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

7. LONG-TERM DEBT:

Long-term debt consists of:

	June 30,	
	2019	2018
Note payable to a financial institution, secured by property and equipment. Payable in monthly installments of \$34,500, including interest of prime plus 0.50% (effectively 5.15% as of June 30, 2019), with a balloon payment due January 2024.	\$ 2,882,689	\$ 3,132,271
Revolving \$5,000,000 line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of prime plus 0.25% (effectively 5.75% as of June 30, 2019). The line of credit matures January 2020.	-	-
Unsecured, interest free note payable to an organization, due in quarterly principal installments of \$13,845. Note matures in September 2020.	63,832	119,212
Unsecured note payable to an organization, due in monthly principal and interest installments of \$6,389, with interest calculated at 6.00%. Note paid off in June 2019.	-	80,216
	2,946,521	3,331,699
Less discount on interest free loan	(4,993)	(13,781)
Less current portion	(323,970)	(368,499)
	<u>\$ 2,617,558</u>	<u>\$ 2,949,419</u>

Future minimum payments are:

<u>Year Ending June 30,</u>	
2020	\$ 323,970
2021	296,022
2022	303,482
2023	319,713
2024	1,703,334
	<u>\$ 2,946,521</u>

Interest expense for years ended June 30, 2019 and 2018 totaled \$228,538 and \$230,959, respectively. Turning Point was in compliance with all financial and reporting covenants as of June 30, 2019.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

	June 30,	
	2019	2018
Time restricted	\$ 1,101,000	\$ 1,023,687
Studio equipment	224,322	479,100
Other program restrictions	149,422	49,422
Global outreach	137,618	463,373
Broadcast and teaching support	8,424	8,424
Airship Genesis	-	2,460
	<u>\$ 1,620,786</u>	<u>\$ 2,026,466</u>

9. FAIR VALUE MEASUREMENTS:

Turning Point uses appropriate valuation techniques to determine fair value based on inputs available. When available, Turning Point measures fair value using Level 1 inputs because they generally provide the most reliable evidence for fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position, when are measured at the fair value on a recurring basis, and the level within the fair value measurement hierarchy in which the fair value measurements fall:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2019:				
Common stock	\$ 450,000	\$ -	\$ -	\$ 450,000
Land held for investment	3,000,000	-	-	3,000,000
	<u>\$ 3,450,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,450,000</u>

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

9. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value		
June 30, 2018:				
Common stock	\$ 450,000	\$ -	\$ -	\$ 450,000
Land held for investment		-	-	3,000,000
	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,450,000</u>

Valuation techniques: Level 1 measures the fair values for mutual funds and equities. They are determined by reference to quoted market prices and other relevant information generated by market transactions. Land held for investment and common stock are valued using level 3 inputs. The underlying investments in land held for investments are generally valued using external appraisals based on current market information available for comparable properties. For common stock, the underlying investments are valued using price per share based on the company's operations.

Changes in valuation techniques: None.

The following table provides further details of the Level 3 fair value measurements:

		Year Ended June 30,	
		2019	2018
Beginning balance		\$ 3,450,000	\$ 3,000,000
Donated common stock		-	450,000
Ending balance		<u>\$ 3,450,000</u>	<u>\$ 3,450,000</u>

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10. 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 work 1,000 or more hours in a fiscal year. 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 \$388,642 and \$356,027, for the years ended June 30, 2019 and 2018, respectively.

11. RELATED PARTY TRANSACTIONS:

The president/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, 2019 and 2018, the following transactions occurred between Turning Point and the Church: contributions to the Church were \$0 and \$300,000, respectively; support of Spanish programming aired by Turning Point from the Church totaled \$30,000 and \$30,000, respectively; and product purchases and other costs used by the Church purchased from Turning Point were \$11,735 and \$55,098, respectively. Amounts owed to Turning Point by the Church were \$1,903 and \$1,172, as of June 30, 2019 and 2018, respectively.

The president/CEO and COO 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, USA 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, 2019 and 2018, Turning Point invoiced \$785,412 and \$769,821, respectively, for goods and services to the Canadian Charity. Accounts receivable from the Canadian Charity were \$56,047 and \$19,334, as of June 30, 2019 and 2018, respectively.

The president/CEO and COO 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, USA 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, 2019 and 2018, Turning Point contributed \$114,910 and \$118,029, respectively, in goods and services to Turning Point for God of Great Britain.

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11. RELATED PARTY TRANSACTIONS, continued:

The president/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 \$300,000 and \$100,000 for the years ended June 30, 2019 and 2018, respectively.

Turning Point purchases books authored by the president and 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, who is also a board member.

12. SUBSEQUENT EVENT:

Subsequent events have been evaluated through October 1, 2019, which is the date the consolidated financial statements were available to be issued.