



TURNING POINT FOR GOD

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

TURNING POINT FOR GOD

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses—June 30, 2020	6
Consolidated Statement of Functional Expenses—June 30, 2019	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

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, 2020 and 2019, 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, 2020 and 2019, 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
September 24, 2020

TURNING POINT FOR GOD

Consolidated Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 9,211,001	\$ 3,936,015
Accounts receivable	90,379	69,295
Promises-to-give-net	910,407	2,237,620
Prepaid expenses and other assets	1,518,004	1,255,896
Inventory-net	4,688,282	4,242,469
	<u>16,418,073</u>	<u>11,741,295</u>
Promises-to-give receivable, net of current portion	984,174	2,533,667
Investments	-	450,000
Land held for investment	3,000,000	3,000,000
Life insurance cash surrender value	2,024,937	1,845,635
Property, equipment, and long-lived assets-net	<u>8,336,628</u>	<u>8,616,041</u>
Total Assets	<u><u>\$ 30,763,812</u></u>	<u><u>\$ 28,186,638</u></u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 2,020,273	\$ 5,711,304
Accrued expenses and other liabilities	921,027	1,081,781
Long-term debt, current portion	<u>1,311,502</u>	<u>323,970</u>
	<u>4,252,802</u>	<u>7,117,055</u>
Long-term debt, net	<u>3,895,457</u>	<u>2,617,558</u>
	<u>8,148,259</u>	<u>9,734,613</u>
Net assets:		
Net assets without donor restrictions	19,842,341	16,831,239
Net assets with donor restrictions	<u>2,773,212</u>	<u>1,620,786</u>
	<u>22,615,553</u>	<u>18,452,025</u>
Total Liabilities and Net Assets	<u><u>\$ 30,763,812</u></u>	<u><u>\$ 28,186,638</u></u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 64,719,368	\$ 2,383,285	\$ 67,102,653	\$ 59,337,180	\$ 1,459,268	\$ 60,796,448
Revenue:						
Sales, net of discounts	2,893,170	-	2,893,170	2,810,774	-	2,810,774
Special events	558,352	-	558,352	1,313,290	-	1,313,290
Interest, investment, and other	53,274	-	53,274	61,206	-	61,206
	3,504,796	-	3,504,796	4,185,270	-	4,185,270
Net assets released from:						
Satisfaction of program restrictions	1,230,859	(1,230,859)	-	1,864,948	(1,864,948)	-
Total Support, Revenue, and Reclassifications	69,455,023	1,152,426	70,607,449	65,387,398	(405,680)	64,981,718
EXPENSES:						
Program activities	55,452,432	-	55,452,432	54,267,799	-	54,267,799
	55,452,432	-	55,452,432	54,267,799	-	54,267,799

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
Fund-raising	6,036,449	-	6,036,449	6,091,044	-	6,091,044
General and administrative	4,955,040	-	4,955,040	3,273,847	-	3,273,847
	10,991,489	-	10,991,489	9,364,891	-	9,364,891
Total Expenses	66,443,921	-	66,443,921	63,632,690	-	63,632,690
Change in Net Assets	3,011,102	1,152,426	4,163,528	1,754,708	(405,680)	1,349,028
Net Assets, Beginning of Year	16,831,239	1,620,786	18,452,025	15,076,531	2,026,466	17,102,997
Net Assets, End of Year	\$ 19,842,341	\$ 2,773,212	\$ 22,615,553	\$ 16,831,239	\$ 1,620,786	\$ 18,452,025

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Ministries and Programs	Supporting Activities		Total
		General and Administrative	Fund-raising	
Television airtime and production costs	\$ 15,654,252	\$ -	\$ -	\$ 15,654,252
Product shipping and fulfillment costs	11,193,504	375,678	3,347,129	14,916,311
Salaries and benefits	8,412,533	1,825,359	1,998,981	12,236,873
Radio airtime and production	8,860,945	-	-	8,860,945
Conferences, travel, and meetings	4,772,729	12,809	384,933	5,170,471
Office, IT, and occupancy	2,484,907	633,390	69,120	3,187,417
Professional services	2,213,374	71,972	199,058	2,484,404
Other	120,000	1,696,707	-	1,816,707
Depreciation and amortization	965,203	99,053	37,228	1,101,484
Grants to others	365,006	-	-	365,006
Insurance	116,029	224,601	-	340,630
Interest	293,950	15,471	-	309,421
Total expenses	\$ 55,452,432	\$ 4,955,040	\$ 6,036,449	\$ 66,443,921

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Ministries and Programs	Supporting Activities		Total
		General and Administrative	Fund-raising	
Television airtime and production costs	\$ 14,751,705	\$ -	\$ -	\$ 14,751,705
Product shipping and fulfillment costs	10,454,560	321,497	3,814,313	14,590,370
Salaries and benefits	7,910,444	1,781,445	1,732,416	11,424,305
Radio airtime and production	8,631,277	-	-	8,631,277
Conferences, travel, and meetings	6,419,437	5,691	289,271	6,714,399
Office, IT, and occupancy	2,334,126	523,924	37,585	2,895,635
Professional services	1,949,510	149,945	191,672	2,291,127
Other	120,000	197,043	-	317,043
Depreciation and amortization	783,727	71,604	25,787	881,118
Grants to others	586,156	-	-	586,156
Insurance	109,746	211,271	-	321,017
Interest	217,111	11,427	-	228,538
	<u>\$ 54,267,799</u>	<u>\$ 3,273,847</u>	<u>\$ 6,091,044</u>	<u>\$ 63,632,690</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,163,528	\$ 1,349,028
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,101,484	881,118
Impairment on investments	450,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(21,084)	(37,085)
Promises-to-give	2,876,706	(1,317,882)
Prepaid expenses and other assets	(262,108)	142,755
Inventory	(445,813)	(228,502)
Accounts payable	(3,691,031)	1,864,315
Accrued expenses and other liabilities	(160,754)	(95,659)
Net Cash Provided by Operating Activities	4,010,928	2,558,088
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, equipment, and long-lived assets	(822,071)	(2,200,760)
Increase in life insurance cash surrender value	(179,302)	(183,208)
Net Cash Used in Investing Activities	(1,001,373)	(2,383,968)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	6,798,643	2,300,000
Payments on long-term debt	(4,533,212)	(2,676,390)
Net Cash Provided (Used) in Financing Activities	2,265,431	(376,390)
Change in Cash and Cash Equivalents	5,274,986	(202,270)
Cash and Cash Equivalents, Beginning of Year	3,936,015	4,138,285
Cash and Cash Equivalents, End of Year	\$ 9,211,001	\$ 3,936,015
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 286,098	\$ 198,995
Property and equipment obtained through accounts payable	\$ 4,859	\$ -

See notes to consolidated financial statements

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 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.

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, 2020 and 2019, cash and cash equivalents on deposit at financial institutions that exceed federally insured balances total approximately \$8,882,000 and \$5,000,000, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 6 for further detail.

INVESTMENTS

Investments consist of equities without readily determinable fair values and are reported at cost minus impairment. 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 \$2,000 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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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 \$202,762 and \$142,891, of investment gifts for the years ended June 30, 2020 and 2019, 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 \$20,256,000 and \$17,435,000, for the years ended June 30, 2020 and 2019, respectively.

Special events revenue of approximately \$558,000 and \$1,313,000, for the years ended June 30, 2020 and 2019, respectively, includes amounts received from cruises and tours sponsored by Turning Point. Related special events costs of approximately \$595,000 and \$1,037,000, are included in program activities on the consolidated statements of activities for the years ended June 30, 2020 and 2019, 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.

RECLASSIFICATIONS

Certain reclassifications were made to the 2019 functional allocation of expenses in order to conform to the 2020 presentation. These reclassifications had no effect on change in net assets.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Turning Point adopted the provisions of this new standard, for contributions received, during the year ended June 30, 2020. The new standard clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction. This ASU had no impact on revenue or net assets for Turning Point.

In 2016, FASB issued ASU 2016-01, *Financial Instruments – Overall*. Turning Point adopted the provisions of this new standard during the year ended June 30, 2020. The new standard allows an entity to choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Accordingly, Turning Point now accounts for such investments at cost minus any impairment. The adoption of the ASU resulted in a \$450,000 increase in other expenses.

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,	
	2020	2019
Program activities	\$ 1,662,283	\$ 1,667,185
Fund-raising	164,402	164,886
	<u>\$ 1,826,685</u>	<u>\$ 1,832,071</u>

3. RISKS AND UNCERTANTIES:

Turning Point's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on Turning Point's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to Turning Point's contribution revenue, absenteeism in workforce, and a decline in value of assets held. The financial impact cannot be estimated at this time.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Turning Point's financial assets as of June 30, 2020 and 2019, 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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 9,211,001	\$ 3,936,015
Accounts receivable	90,379	69,295
Promises-to-give-net	1,894,581	4,771,287
Investments	-	450,000
Life insurance cash surrender value	2,024,937	1,845,635
Financial assets, at year-end:	<u>13,220,898</u>	<u>11,072,232</u>
Less those unavailable for general expenditure within one year, due to:		
Promises-to-give-net collectible beyond one year	(984,174)	(2,533,667)
Investments not readily convertible to cash within 12 months	<u>-</u>	<u>(450,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,236,724</u>	<u>\$ 8,088,565</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 to a line of credit in the amount of \$5 million which it could draw upon. See Note 8 for more information on the line of credit.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

5. PROMISES-TO-GIVE:

Promises-to-give receivable consists of:

	June 30,	
	2020	2019
Unconditional promises-to-give before discount for present value of cash flows	\$ 3,750,481	\$ 6,017,887
Less discount for present value of cash flows	(593,000)	(983,000)
Less allowance for uncollectible promises-to-give	(1,262,900)	(263,600)
	1,894,581	4,771,287
Less current portion	(910,407)	(2,237,620)
Promises-to-give, net of current portion	\$ 984,174	\$ 2,533,667

Amounts as of June 30, 2020, are due in:

Less than one year	\$ 910,407
One to five years	984,174
	\$ 1,894,581

During the year ended June 30, 2020, management evaluated the allowance for uncollectible promises-to-give and increased it by approximately \$1,000,000. The effect of this change was an increase in other expenses within the general and administrative functional classification.

6. INVENTORY:

Inventory consists of:

	June 30,	
	2020	2019
Books and Bibles	\$ 3,251,520	\$ 3,072,312
Bible resources	510,441	502,027
Study guides	503,343	480,624
CD's and videos	739,485	477,672
Inventory supplies	207,493	181,834
	5,212,282	4,714,469
Less reserve for obsolete inventory	(524,000)	(472,000)
	\$ 4,688,282	\$ 4,242,469

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

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

	June 30,	
	2020	2019
Land	\$ 1,273,651	\$ 1,273,651
Buildings and improvements	7,107,634	6,951,056
Production equipment	6,263,391	6,256,665
Computer equipment and software	3,340,171	2,885,713
Furniture and office equipment	831,281	751,665
Vehicles and other	133,337	95,188
Website development	806,455	433,158
Airship Genesis	618,044	244,424
	<u>20,373,964</u>	<u>18,891,520</u>
Less accumulated depreciation and amortization	<u>(12,085,825)</u>	<u>(10,984,341)</u>
	8,288,139	7,907,179
Construction in progress	<u>48,489</u>	<u>708,862</u>
	<u>\$ 8,336,628</u>	<u>\$ 8,616,041</u>

Depreciation expense was recorded in the amount of approximately \$939,000 and \$798,000, for the years ended June 30, 2020 and 2019, respectively. Amortization expense, related to website development was approximately \$163,000 and \$83,000, for the years ended June 30, 2020 and 2019, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

8. LONG-TERM DEBT:

Long-term debt consists of:

	June 30,	
	2020	2019
Note payable to a financial institution, secured by property and equipment. Payable in monthly installments of \$33,758, including interest of prime plus 0.50% (effectively 4.375% as of June 30, 2020), with a balloon payment due January 2024.	\$ 2,604,410	\$ 2,882,689
Unsecured note payable to a financial institution backed by the federal government. One payment for accrued interest on outstanding principal is due October 2020. Remaining principal and interest due in monthly installments from November 2020 through maturity in April 2022. Interest rate of 1% with interest payments deferred until October 2020.	1,982,100	-
Note payable to a financial institution, secured by property and equipment. Payable in monthly installments of \$13,071, interest rate of 4.5%. Note matures in September 2024.	604,897	-
Unsecured note payable to an organization, due in monthly principal installments of \$308. Note matures in February 2025.	15,552	-
Unsecured, interest free note payable to an organization, due in quarterly principal installments of \$13,845. Note matures in September 2020.	-	63,832
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% as of June 30, 2020). The line of credit matures January 2021.	-	-
Less discount on interest free loan	-	(4,993)
Less current portion	(1,311,502)	(323,970)
	\$ 3,895,457	\$ 2,617,558

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

8. LONG-TERM DEBT, continued:

Future minimum payments are:

<u>Year Ending June 30,</u>	
2021	\$ 1,311,502
2022	1,551,404
2023	470,804
2024	1,831,906
2025	41,343
	<hr/>
	\$ 5,206,959
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Interest expense for years ended June 30, 2020 and 2019, totaled approximately \$309,000 and \$229,000, respectively. Turning Point was in compliance with all financial and reporting covenants as of June 30, 2020.

9. NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Studio equipment	\$ 1,674,329	\$ 224,322
Time restricted	999,000	1,101,000
Other program restrictions	49,822	149,422
Global outreach	50,061	137,618
Broadcast and teaching support	-	8,424
	<hr/>	<hr/>
	\$ 2,773,212	\$ 1,620,786
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TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

10. 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 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, 2020:				
Land held for investment	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
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, 2019:				
Common stock	\$ 450,000	\$ -	\$ -	\$ 450,000
Land held for investment	3,000,000	-	-	3,000,000
	\$ 3,450,000	\$ -	\$ -	\$ 3,450,000

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

10. FAIR VALUE MEASUREMENTS, continued:

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,	
	2020	2019
Beginning balance	\$ 3,450,000	\$ 3,450,000
Impairment on investments	(450,000)	-
Ending balance	<u>\$ 3,000,000</u>	<u>\$ 3,450,000</u>

11. 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 approximately \$314,000 and \$389,000, for the years ended June 30, 2020 and 2019, respectively.

12. 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, 2020 and 2019, the following transactions occurred between Turning Point and the Church: contributions to the Church were \$202,000 and \$0, 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 \$6,706 and \$11,735, respectively. Amounts owed to Turning Point by the Church were \$1,642 and \$1,903, as of June 30, 2020 and 2019, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

12. RELATED PARTY TRANSACTIONS, continued:

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, 2020 and 2019, Turning Point invoiced \$797,917 and \$785,412, respectively, for goods and services to the Canadian Charity. Accounts receivable from the Canadian Charity were \$70,882 and \$56,047, as of June 30, 2020 and 2019, 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, 2020 and 2019, Turning Point contributed approximately \$130,000 and \$115,000, respectively, in goods and services to Turning Point for God of Great Britain. For the years ended June 30, 2020 and 2019, reimbursements from Turning Point for God of Great Britain were approximately \$127,000 and \$0, respectively.

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 \$100,000 and \$300,000 for the years ended June 30, 2020 and 2019, 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.

13. SUBSEQUENT EVENT:

Subsequent events have been evaluated through September 24, 2020, which is the date the consolidated financial statements were available to be issued.