



TURNING POINT FOR GOD

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2022 and 2021

TURNING POINT FOR GOD

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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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

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.

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, CO
October 10, 2022

TURNING POINT FOR GOD

Consolidated Statements of Financial Position

	June 30,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 24,775,593	\$ 18,417,332
Accounts receivable	218,544	177,208
Promises-to-give-net	110,000	248,000
Prepaid expenses and other assets	2,136,881	2,576,046
Inventory-net	5,090,448	4,534,837
	<u>32,331,466</u>	<u>25,953,423</u>
Cash restricted for long-term purposes	2,520,559	1,861,480
Promises-to-give receivable, net of current portion	818,000	892,000
Property held for investment	950,000	1,078,005
Life insurance cash surrender value	2,408,841	2,199,038
Film production costs	8,347,660	-
Property, equipment, and long-lived assets-net	9,843,731	8,092,682
	<u>57,220,257</u>	<u>40,076,628</u>
Total Assets	\$ 57,220,257	\$ 40,076,628
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 6,803,147	\$ 3,437,035
Accrued expenses and other liabilities	1,322,813	1,299,820
Long-term debt, current portion	3,352	314,949
	<u>8,129,312</u>	<u>5,051,804</u>
Long-term debt, net	5,932	1,502,004
Total liabilities	<u>8,135,244</u>	<u>6,553,808</u>
Net assets:		
Net assets without donor restrictions	45,375,472	30,638,102
Net assets with donor restrictions	3,709,541	2,884,718
Total net assets	<u>49,085,013</u>	<u>33,522,820</u>
Total Liabilities and Net Assets	\$ 57,220,257	\$ 40,076,628

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 103,645,339	\$ 1,744,804	\$ 105,390,143	\$ 78,845,427	\$ 1,707,351	\$ 80,552,778
Revenue:						
Sales, net of discounts	4,545,105	-	4,545,105	3,389,158	-	3,389,158
Special events	627,310	-	627,310	-	-	-
Forgiveness of Paycheck Protection Program loan	-	-	-	1,982,100	-	1,982,100
Interest, investment, and other	164,877	-	164,877	84,907	-	84,907
	5,337,292	-	5,337,292	5,456,165	-	5,456,165
Net assets released from:						
Satisfaction of program restrictions	919,981	(919,981)	-	1,595,845	(1,595,845)	-
Total Support, Revenue, and Reclassifications	109,902,612	824,823	110,727,435	85,897,437	111,506	86,008,943
EXPENSES:						
Program activities	80,274,898	-	80,274,898	63,819,746	-	63,819,746
	80,274,898	-	80,274,898	63,819,746	-	63,819,746

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:						
Supporting activities:						
Fund-raising	10,432,017	-	10,432,017	7,490,295	-	7,490,295
General and administrative	4,458,327	-	4,458,327	3,791,635	-	3,791,635
	14,890,344	-	14,890,344	11,281,930	-	11,281,930
 Total Expenses	 95,165,242	 -	 95,165,242	 75,101,676	 -	 75,101,676
 Change in Net Assets	 14,737,370	 824,823	 15,562,193	 10,795,761	 111,506	 10,907,267
 Net Assets, Beginning of Year	 30,638,102	 2,884,718	 33,522,820	 19,842,341	 2,773,212	 22,615,553
 Net Assets, End of Year	 \$ 45,375,472	 \$ 3,709,541	 \$ 49,085,013	 \$ 30,638,102	 \$ 2,884,718	 \$ 33,522,820

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		Total
		General and Administrative	Fund-raising	
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
	\$ 80,274,898	\$ 4,458,327	\$ 10,432,017	\$ 95,165,242
Total expenses				

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Ministries and Programs	Supporting Activities		Total
		General and Administrative	Fund-raising	
Product shipping and fulfillment costs	\$ 15,454,882	\$ 475,796	\$ 3,805,943	\$ 19,736,621
Television airtime and production costs	18,960,627	-	-	18,960,627
Salaries and benefits	9,470,427	2,051,119	2,535,417	14,056,963
Radio airtime and production	8,944,202	-	-	8,944,202
Professional services	3,443,458	123,095	647,771	4,214,324
Office, IT, and occupancy	3,235,972	745,585	106,068	4,087,625
Conferences, travel, and meetings	654,358	13,787	355,825	1,023,970
Digital broadcasting	136,300	-	-	136,300
Depreciation and amortization	1,001,931	104,103	39,271	1,145,305
Grants to others	2,172,099	-	-	2,172,099
Insurance	131,963	253,702	-	385,665
Other	123,001	19,683	-	142,684
Interest	90,526	4,765	-	95,291
	\$ 63,819,746	\$ 3,791,635	\$ 7,490,295	\$ 75,101,676
Total expenses				

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 15,562,193	\$ 10,907,267
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,462,046	1,145,305
Forgiveness of Paycheck Protection Program loan	-	(1,982,100)
Gain on sale of land held for investment	-	(246,430)
(Gain) loss on sale of property, equipment, and long-lived assets	24,440	(22,080)
Contributions restricted for long-term purposes	(715,000)	(216,000)
Changes in operating assets and liabilities:		
Accounts receivable	(41,336)	(86,829)
Promises-to-give	212,000	754,581
Prepaid expenses and other assets	439,165	(1,058,042)
Inventory	(555,611)	153,445
Accounts payable	3,699,782	1,416,762
Accrued expenses and other liabilities	22,993	378,793
Net Cash Provided by Operating Activities	20,110,672	11,144,672
CASH FLOWS FROM INVESTING ACTIVITIES:		
Film production costs incurred	(8,347,660)	-
Purchases of property, equipment, and long-lived assets	(3,443,200)	(1,002,858)
Proceeds from sale of property held for investment	-	2,292,004
Increase in life insurance cash surrender value	(209,803)	(174,101)
Net Cash Provided (Used) by Investing Activities	(12,000,663)	1,115,045
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(1,807,669)	(1,407,906)
Contributions restricted for long-term purposes	715,000	216,000
Net Cash Used in Financing Activities	(1,092,669)	(1,191,906)
Change in Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes	7,017,340	11,067,811
Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes, Beginning of Year	20,278,812	9,211,001
Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes, End of Year	\$ 27,296,152	\$ 20,278,812

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
CASH, CASH EQUIVALENTS, AND CASH RESTRICTED FOR LONG-TERM PURPOSES CONSIST OF:		
Cash and cash equivalents	\$ 24,775,593	\$ 18,417,332
Cash restricted for long-term purposes	<u>2,520,559</u>	<u>1,861,480</u>
	<u>\$ 27,296,152</u>	<u>\$ 20,278,812</u>
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	<u>\$ 47,419</u>	<u>\$ 81,362</u>
Property and equipment obtained through accounts payable	<u>\$ 530,426</u>	<u>\$ 864,096</u>
Paycheck Protection Program loan forgiveness	<u>\$ -</u>	<u>\$ 1,982,100</u>
Property held for investment transferred to property, equipment, and long lived assets	<u>\$ 128,005</u>	<u>\$ -</u>

See notes to consolidated financial statements

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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 public 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, 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.

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, 2022 and 2021, cash and cash equivalents on deposit at financial institutions that exceed federally insured balances total approximately \$27,523,000 and \$20,828,000, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. 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 equities without readily determinable fair values and are reported at cost minus impairment. As of June 30, 2022 and 2021, Turning Point owned 50,000 shares of a privately held stock. As the realization is unknown, the stock valued at \$1,000,000, was fully reserved for resulting in \$0 of investments as of June 30, 2022 and 2021. 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 owns property held for investment located in Idaho as of June 30, 2022 and 2021. As the property is not used in operations, it has been classified as held for investment. Property held for investment is held at the lower of cost or estimated fair value. During the year ended June 30, 2021, the Organization sold property in Virginia that had also been held for investment. The total sales price was \$2,300,000 and a gain on sale of \$250,000 was recorded within interest, investment, and other on the consolidated statements of activities. Since the cost recorded is less than estimated fair value, property held for investment is measured at cost as of June 30, 2022 and 2021.

FILM PRODUCTION COSTS

Film production costs consist of capitalized costs related to the production of a film, set to be released in December 2022. Once the film is released, these production costs will be amortized over five years, which is the time period in which the most benefits from the film will occur.

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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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 \$213,000 and \$363,000, of investment gifts for the years ended June 30, 2022 and 2021, 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 \$29,368,000 and \$23,812,000, for the years ended June 30, 2022 and 2021, respectively.

Special events revenue of approximately \$627,000 and \$0, for the years ended June 30, 2022 and 2021, respectively, includes amounts received from cruises and tours sponsored by Turning Point. Related special events costs of approximately \$682,000 and \$0, are included in program activities on the consolidated statements of activities for the years ended June 30, 2022 and 2021, 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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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,	
	2022	2021
Program activities	\$ 3,055,626	\$ 2,309,346
Fund-raising	328,195	252,730
	<u>\$ 3,383,821</u>	<u>\$ 2,562,076</u>

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Turning Point's financial assets as of June 30, 2022 and 2021, 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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 24,775,593	\$ 18,417,332
Accounts receivable	218,544	177,208
Promises-to-give-net	928,000	1,140,000
Cash restricted for long-term purposes	2,520,559	1,861,480
Life insurance cash surrender value	2,408,841	2,199,038
Financial assets, at year-end:	<u>30,851,537</u>	<u>23,795,058</u>
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	(2,520,559)	(1,861,480)
Promises-to-give-net collectible beyond one year	<u>(818,000)</u>	<u>(892,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 27,512,978</u>	<u>\$ 21,041,578</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 \$7 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, 2022 and 2021

4. PROMISES-TO-GIVE:

Promises-to-give receivable consists of:

	June 30,	
	2022	2021
Unconditional promises-to-give before discount for present value of cash flows	\$ 2,535,000	\$ 2,795,000
Less discount for present value of cash flows	(417,000)	(520,000)
Less allowance for uncollectible promises-to-give	(1,190,000)	(1,135,000)
	928,000	1,140,000
Less current portion	(110,000)	(248,000)
Promises-to-give, net of current portion	\$ 818,000	\$ 892,000

Amounts as of June 30, 2022, are due in:

Less than one year	\$ 110,000
One to five years	818,000
	\$ 928,000

5. INVENTORY:

Inventory consists of:

	June 30,	
	2022	2021
Books and Bibles	\$ 4,183,263	\$ 4,074,043
CDs and videos	1,128,359	854,916
Study guides	684,397	531,341
Bible resources	468,743	609,065
Inventory supplies	123,201	130,472
	6,587,963	6,199,837
Less reserve for obsolete inventory	(1,497,515)	(1,665,000)
	\$ 5,090,448	\$ 4,534,837

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Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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

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

	June 30,	
	2022	2021
Land	\$ 1,273,651	\$ 1,273,651
Buildings and improvements	7,417,042	7,165,221
Production equipment	8,222,910	6,415,652
Computer equipment and software	4,260,213	3,644,381
Furniture and office equipment	1,390,954	1,056,164
Vehicles and other	156,186	85,189
Website development	898,615	852,535
Airship Genesis	648,344	648,344
	<u>24,267,915</u>	<u>21,141,137</u>
Less accumulated depreciation and amortization	<u>(14,592,119)</u>	<u>(13,126,387)</u>
	9,675,796	8,014,750
Construction in progress	<u>167,935</u>	<u>77,932</u>
	<u>\$ 9,843,731</u>	<u>\$ 8,092,682</u>

Depreciation expense was recorded in the amount of approximately \$1,316,000 and \$1,008,000, for the years ended June 30, 2022 and 2021, respectively. Amortization expense, related to website development was approximately \$146,000 and \$137,000, for the years ended June 30, 2022 and 2021, respectively.

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Notes to Consolidated Financial Statements

June 30, 2022 and 2021

7. LONG-TERM DEBT:

Long-term debt consists of:

	June 30,	
	2022	2021
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 3.75% as of June 30, 2021), with a balloon payment due January 2024. Note was fully paid off during the year ended June 30, 2022.	\$ -	\$ 1,804,465
Unsecured note payable to an organization, due in monthly principal installments of \$308. Note matures in February 2025.	9,284	12,488
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 5% as of June 30, 2022). The line of credit matures January 2023.	-	-
Less current portion	(3,352)	(314,949)
	\$ 5,932	\$ 1,502,004

Future minimum payments are:

Year Ending June 30,	
2023	\$ 3,352
2024	3,506
2025	2,426
	\$ 9,284

Interest expense for years ended June 30, 2022 and 2021, totaled approximately \$45,000 and \$95,000, respectively. Turning Point was in compliance with all financial and reporting covenants as of June 30, 2022.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

	June 30,	
	2022	2021
Studio equipment	\$ 2,622,280	\$ 1,861,480
Time restricted	928,000	934,000
Global outreach	112,433	41,489
Other program restrictions	46,828	47,749
	<u>\$ 3,709,541</u>	<u>\$ 2,884,718</u>

9. COMMITMENTS:

During the year ended June 30, 2022, Turning Point entered into a construction contract for completion of a studio as well as started production for a movie that will air in fiscal year 2023. As of June 30, 2022, Turning Point is committed to paying approximately \$5,040,000 of construction costs and approximately \$1,000,000 of additional film production costs.

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10. 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, 2022 and 2021, the following transactions occurred between Turning Point and the Church: contributions to the Church were \$250,000 and \$193,000, 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 \$35,358 and \$37,208, respectively. Amounts owed to Turning Point by the Church were \$7,946 and \$5,059, as of June 30, 2022 and 2021, 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, 2022 and 2021, Turning Point invoiced \$1,737,785 and \$1,128,348, respectively, for goods and services to the Canadian Charity. Accounts receivable from the Canadian Charity were \$179,585 and \$142,605, as of June 30, 2022 and 2021, 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, 2022 and 2021, Turning Point contributed approximately \$400,000 and \$227,000, respectively, in goods and services to Turning Point for God of Great Britain. For the years ended June 30, 2022 and 2021, reimbursements from Turning Point for God of Great Britain were approximately \$230,000 and \$138,000, respectively. Amounts owed to Turning Point by Turning Point for God of Great Britain were \$29,413 and \$28,000 as of June 30, 2022 and 2021, respectively.

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 \$675,000 and \$151,000, for the years ended June 30, 2022 and 2021, respectively.

A board member of Turning Point holds the position of President at San Diego Christian College. During the year ended June 30, 2022, Turning Point paid rent to San Diego Christian College of approximately \$109,000. No such rent was paid during the year ended June 30, 2021. Contributions to San Diego Christian College from Turning Point totaled approximately \$0 and \$200,000, for the years ended June 30, 2022 and 2021, respectively.

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.

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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 \$499,000 and \$456,000, for the years ended June 30, 2022 and 2021, respectively.

12. SUBSEQUENT EVENT:

Subsequent to the year ending June 30, 2022, Turning Point entered into a three year lease agreement for office space with annual payments of approximately \$500,000.

Subsequent events have been evaluated through October 10, 2022, which is the date the consolidated financial statements were available to be issued.