



TURNING POINT FOR GOD

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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, Colorado
September 18, 2024

TURNING POINT FOR GOD

Consolidated Statements of Financial Position

| | June 30, | |
|---|---------------|---------------|
| | 2024 | 2023 |
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 21,886,383 | \$ 20,532,313 |
| Accounts receivable | 708,322 | 376,165 |
| Promises-to-give-net | 120,000 | 120,000 |
| Prepaid expenses and other assets | 3,584,578 | 3,436,395 |
| Inventory-net | 7,797,060 | 7,542,379 |
| | 34,096,343 | 32,007,252 |
| Promises-to-give receivable, net of current portion | 721,000 | 784,000 |
| Life insurance cash surrender value | 2,681,129 | 2,527,872 |
| Film production costs-net | 5,519,451 | 7,365,867 |
| Operating leases-right-of-use-assets | 3,260,690 | 4,138,901 |
| Property, equipment, and long-lived assets-net | 21,075,841 | 15,863,497 |
| | 34,096,343 | 32,007,252 |
| Total Assets | \$ 67,354,454 | \$ 62,687,389 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | \$ 8,940,476 | \$ 7,857,680 |
| Accrued expenses and other liabilities | 1,785,447 | 1,397,699 |
| Operating lease obligations, current portion | 1,901,087 | 1,684,464 |
| Long-term debt, current portion | 7,222,528 | 2,712,172 |
| | 19,849,538 | 13,652,015 |
| Operating lease obligations, net of current portion | 1,443,382 | 2,495,524 |
| Long-term debt, net of current portion | 8,574,937 | - |
| Total liabilities | 29,867,857 | 16,147,539 |
| Net assets: | | |
| Net assets without donor restrictions | 33,743,731 | 42,797,268 |
| Net assets with donor restrictions | 3,742,866 | 3,742,582 |
| Total net assets | 37,486,597 | 46,539,850 |
| Total Liabilities and Net Assets | \$ 67,354,454 | \$ 62,687,389 |

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities

| | Year Ended June 30, | | | | | |
|---|-------------------------------|----------------------------|----------------|-------------------------------|----------------------------|----------------|
| | 2024 | | | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT, REVENUE, AND RECLASSIFICATIONS: | | | | | | |
| Contributions | \$ 101,005,795 | \$ 403,389 | \$ 101,409,184 | \$ 104,022,752 | \$ 652,512 | \$ 104,675,264 |
| Revenue: | | | | | | |
| Sales, net of discounts | 3,788,891 | - | 3,788,891 | 3,807,734 | - | 3,807,734 |
| Special events | 653,008 | - | 653,008 | 413,954 | - | 413,954 |
| Gain (loss) on sale of property and equipment | 18,802 | - | 18,802 | (117,310) | - | (117,310) |
| Interest, investment, and other | 610,860 | - | 610,860 | 410,463 | - | 410,463 |
| | 5,071,561 | - | 5,071,561 | 4,514,841 | - | 4,514,841 |
| Net assets released from: | | | | | | |
| Satisfaction of program restrictions | 403,105 | (403,105) | - | 619,471 | (619,471) | - |
| Total Support, Revenue, and Reclassifications | 106,480,461 | 284 | 106,480,745 | 109,157,064 | 33,041 | 109,190,105 |
| EXPENSES: | | | | | | |
| Program activities | 96,377,772 | - | 96,377,772 | 93,214,001 | - | 93,214,001 |
| | 96,377,772 | - | 96,377,772 | 93,214,001 | - | 93,214,001 |

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Activities (continued)

| | Year Ended June 30, | | | | | |
|-----------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | 2024 | | | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| EXPENSES, continued: | | | | | | |
| Supporting activities: | | | | | | |
| Fund-raising | 11,508,397 | - | 11,508,397 | 13,087,637 | - | 13,087,637 |
| General and administrative | 7,647,829 | - | 7,647,829 | 5,433,630 | - | 5,433,630 |
| | 19,156,226 | - | 19,156,226 | 18,521,267 | - | 18,521,267 |
| Total Expenses | 115,533,998 | - | 115,533,998 | 111,735,268 | - | 111,735,268 |
| Change in Net Assets | (9,053,537) | 284 | (9,053,253) | (2,578,204) | 33,041 | (2,545,163) |
| Net Assets, Beginning of Year | 42,797,268 | 3,742,582 | 46,539,850 | 45,375,472 | 3,709,541 | 49,085,013 |
| Net Assets, End of Year | \$ 33,743,731 | \$ 3,742,866 | \$ 37,486,597 | \$ 42,797,268 | \$ 3,742,582 | \$ 46,539,850 |

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

| | Ministries and Programs | Supporting Activities | | Total |
|---|----------------------------|-------------------------------|----------------------|-----------------------|
| | | General and Administrative | Fund-raising | |
| Product shipping and fulfillment costs | \$ 21,969,922 | \$ 838,228 | \$ 5,366,912 | \$ 28,175,062 |
| Television airtime and production costs | 25,498,260 | - | - | 25,498,260 |
| Salaries and benefits | 15,706,023 | 3,055,406 | 3,559,562 | 22,320,991 |
| Radio airtime and production | 9,506,020 | - | - | 9,506,020 |
| Professional services | 5,966,445 | 1,789,507 | 1,549,605 | 9,305,557 |
| Office, IT, and occupancy | 5,967,507 | 1,675,138 | 171,345 | 7,813,990 |
| Conferences, travel, and meetings | 3,246,411 | 14,137 | 842,098 | 4,102,646 |
| Depreciation and amortization | 4,023,572 | 2,054 | 18,875 | 4,044,501 |
| Digital broadcasting | 2,802,448 | - | - | 2,802,448 |
| Grants to others | 1,101,385 | - | - | 1,101,385 |
| Interest | 379,730 | 19,985 | - | 399,715 |
| Insurance | 117,848 | 253,374 | - | 371,222 |
| Other | 92,201 | - | - | 92,201 |
| | <u>\$ 96,377,772</u> | <u>\$ 7,647,829</u> | <u>\$ 11,508,397</u> | <u>\$ 115,533,998</u> |
| Total expenses | <u>\$ 96,377,772</u> | <u>\$ 7,647,829</u> | <u>\$ 11,508,397</u> | <u>\$ 115,533,998</u> |

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

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

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows

| | Year Ended June 30, | |
|--|---------------------|----------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (9,053,253) | \$ (2,545,163) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 4,044,501 | 3,662,972 |
| (Gain) loss on sale of property, equipment, and long-lived assets | (18,802) | 117,310 |
| Non-cash effect of change in accounting principles | - | 110,802 |
| Non-cash lease expense | 42,692 | 20,266 |
| Contributions restricted for long-term purposes | (81,000) | (9,500) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (332,157) | (157,621) |
| Promises-to-give | 63,000 | 24,000 |
| Prepaid expenses and other assets | (148,183) | (1,299,514) |
| Inventory | (254,681) | (2,541,912) |
| Accounts payable | 1,082,796 | 1,453,884 |
| Accrued expenses and other liabilities | 387,748 | 74,886 |
| Net Cash Used by Operating Activities | (4,267,339) | (1,089,590) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Film production costs incurred | - | (864,624) |
| Purchases of property, equipment, and long-lived assets | (860,334) | (5,578,162) |
| Proceeds from sale of property held for investment | - | 887,352 |
| Proceeds from sale of property, equipment, and long-lived assets | 54,000 | - |
| Increase in life insurance cash surrender value | (153,257) | (119,031) |
| Net Cash Used by Investing Activities | (959,591) | (5,674,465) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds for debt obligations | 7,000,000 | 2,000,000 |
| Principal payments on debt obligations | (500,000) | (2,009,284) |
| Contributions restricted for long-term purposes | 81,000 | 9,500 |
| Net Cash Provided in Financing Activities | 6,581,000 | 216 |
| Change in Cash and Cash Equivalents | 1,354,070 | (6,763,839) |
| Cash and Cash Equivalents, Beginning of Year | 20,532,313 | 27,296,152 |
| Cash and Cash Equivalents, End of Year | \$ 21,886,383 | \$ 20,532,313 |

(continued)

See notes to consolidated financial statements

TURNING POINT FOR GOD

Consolidated Statements of Cash Flows (continued)

| | Year Ended June 30, | |
|--|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURE: | | |
| Right-of-use assets obtained in exchange for lease obligations | <u>\$ 304,308</u> | <u>\$ 5,673,213</u> |
| Cash paid for interest | <u>\$ 565,439</u> | <u>\$ 52,485</u> |
| Property and equipment obtained through debt obligations | <u>\$ 6,585,293</u> | <u>\$ 2,712,172</u> |
| Property and equipment obtained through accounts payable | <u>\$ 16,414</u> | <u>\$ 130,895</u> |

See notes to consolidated financial statements

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

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

The Organization is a religious organization dedicated to spreading the Gospel of Jesus Christ throughout the world through the use of radio, television, internet, mobile devices, email, and print. The Organization also offers Christian messages on CDs, DVDs, 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.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statements of financial position and cash flows, cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. These accounts may, at times, exceed federally insured limits. Turning Point has not experienced any losses in such accounts. At June 30, 2024 and 2023, cash and cash equivalents on deposit at financial institutions that exceed federally insured balances total approximately \$4,312,000 and \$4,769,000, respectively.

PROMISES-TO-GIVE

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

INVENTORY

Inventory represents duplicated media, study guides, books, raw material supplies, and other Bible resources. During the years ended June 30, 2024 and 2023, all inventory was stated at the lower of cost or net realizable value using average cost. 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, 2024 and 2023, Turning Point owned 50,000 shares of a privately held stock. As the realization is unknown, the stock originally valued at \$1,000,000, was fully reserved for resulting in \$0 of investments as of June 30, 2024 and 2023. 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

During the year ended June 30, 2023, the Organization sold property that had also been held for investment along with a small amount of property and equipment located on the property. The total cash proceeds on the consolidated statements of cash flows was \$877,352, and a loss on the sale of approximately \$117,000 was recorded within gain (loss) on sale of property, equipment, and long-lived assets on the consolidated statements of activities.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FILM PRODUCTION COSTS

Film production costs consist of capitalized costs related to the production of a film, which was released in December 2022. These production costs are being amortized over five years, which is the time period in which the most benefits from the film will occur. Management has elected to record the entire year of amortization every December. Amortization expense for each of the years ended June 30, 2024 and 2023 of \$1,846,417 was recorded within depreciation and amortization expense on the consolidated statements of activities.

OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS

Turning Point has contracts that contain the right to control the use of property or assets, and are therefore considered leases. Turning Point records right-of-use assets and lease obligations on the consolidated statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months.

PROPERTY, EQUIPMENT, AND LONG-LIVED ASSETS

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

NET ASSETS

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

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

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

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to Turning Point. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Turning Point records support as contributions with donor restrictions if they are received with donor stipulations that limit their use through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Turning Point receives non-cash gifts that are recorded as support at the estimated fair market value on the date of the gift. Goods given to Turning Point that do not have an objective basis for valuation are not recorded. Turning Point received approximately \$438,000 and \$340,000, of investment gifts for the years ended June 30, 2024 and 2023, 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 \$27,277,000 and \$26,859,000, for the years ended June 30, 2024 and 2023, respectively.

Special events revenue of approximately \$653,000 and \$414,000, for the years ended June 30, 2024 and 2023, respectively, includes amounts received from cruises and tours sponsored by Turning Point. Related special events costs of approximately \$814,000 and \$387,000, are included in program activities on the consolidated statements of activities for the years ended June 30, 2024 and 2023, 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 benefited 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, 2024 and 2023

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, | |
|--------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Program activities | \$ 3,899,866 | \$ 4,099,244 |
| Fund-raising | 414,293 | 433,482 |
| | <u>\$ 4,314,159</u> | <u>\$ 4,532,726</u> |

CHANGE IN ACCOUNTING POLICY

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

CHANGE IN ESTIMATE

During the years ended June 30, 2024 and 2023, Turning Point computed obsolesce reserve based on recent sales. For items which have sold less than 100 units in the previous two fiscal years, there is a 100% reserve, unless meeting an exception criteria, such as if the inventory is to be donated or to be discontinued. For the years ended June 30, 2024 and 2023, reserves for obsolete inventory were \$1,678,050 and \$1,695,925, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Turning Point's financial assets as of June 30, 2024 and 2023, 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, | |
|--|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Financial assets: | | |
| Cash and cash equivalents | \$ 21,886,383 | \$ 20,532,313 |
| Accounts receivable | 708,322 | 376,165 |
| Promises-to-give-net | 841,000 | 904,000 |
| Life insurance cash surrender value | <u>2,681,129</u> | <u>2,527,872</u> |
| Financial assets, at year-end: | <u>26,116,834</u> | <u>24,340,350</u> |
| Less those unavailable for general expenditure within one year, due to: | | |
| Promises-to-give-net collectible beyond one year | <u>(721,000)</u> | <u>(784,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 25,395,834</u> | <u>\$ 23,556,350</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. Turning Point had approximately \$500,000 remaining to draw upon at June 30, 2024. See Note 8 for more information on the line of credit.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

4. PROMISES-TO-GIVE:

Promises-to-give receivable consists of:

| | June 30, | |
|--|--------------|--------------|
| | 2024 | 2023 |
| Unconditional promises-to-give before discount for present value of cash flows | \$ 2,265,000 | \$ 2,410,000 |
| Less discount for present value of cash flows | (269,000) | (326,000) |
| Less allowance for uncollectible promises-to-give | (1,155,000) | (1,180,000) |
| | 841,000 | 904,000 |
| Less current portion | (120,000) | (120,000) |
| Promises-to-give, net of current portion | \$ 721,000 | \$ 784,000 |

Amounts as of June 30, 2024, are due in:

| | |
|-------------------------|------------|
| Less than one year | \$ 120,000 |
| One to five years | 400,774 |
| Greater than five years | 320,226 |
| | \$ 841,000 |

5. INVENTORY:

Inventory consists of:

| | June 30, | |
|-------------------------------------|--------------|--------------|
| | 2024 | 2023 |
| Books and Bibles | \$ 6,081,566 | \$ 5,771,935 |
| CDs and videos | 1,464,402 | 1,499,333 |
| Study guides | 1,016,925 | 1,092,522 |
| Bible resources | 732,323 | 753,716 |
| Inventory supplies | 179,894 | 120,798 |
| | 9,475,110 | 9,238,304 |
| Less reserve for obsolete inventory | (1,678,050) | (1,695,925) |
| | \$ 7,797,060 | \$ 7,542,379 |

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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

The Organization leases property, vehicles and equipment under various operating leases expiring at various dates through September 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$1,076 to \$75,751. Discount rates on these leases range from 2.84% to 4.56%.

| | June 30, | |
|---------------------------------------|------------------|------------------|
| | 2024 | 2023 |
| Operating lease right-of-use assets | \$ 3,260,690 | \$ 4,138,901 |
| Operating lease obligations | \$ 3,344,469 | \$ 4,179,988 |
| Operating lease costs | \$ 1,826,449 | \$ 1,692,879 |
| Weighted-average discount rate | 3.52% | 2.87% |
| Weighted-average remaining lease term | 1.92 years | 2.63 years |

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

| <u>Year Ending June 30,</u> | |
|-----------------------------|--------------|
| 2025 | \$ 1,901,057 |
| 2026 | 1,350,895 |
| 2027 | 191,897 |
| 2028 | 21,200 |
| | 3,465,049 |
| Less imputed interest | (120,580) |
| | \$ 3,344,469 |

As of June 30, 2024, Turning Point has an additional operating lease that has not yet commenced with approximate annual payments ranging between \$1,300,000 and \$1,900,000. This lease will commence in fiscal year 2025 upon substantial completion of the building and has a lease term of 10 years.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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

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

| | June 30, | |
|--|----------------------|----------------------|
| | 2024 | 2023 |
| Land | \$ 1,273,651 | \$ 1,273,651 |
| Buildings and improvements | 8,964,976 | 8,520,683 |
| Production equipment | 9,317,037 | 9,014,945 |
| Computer equipment and software | 5,112,139 | 4,972,309 |
| Furniture and office equipment | 2,115,660 | 2,089,060 |
| Vehicles and other | 172,533 | 231,198 |
| Website development | 916,375 | 904,375 |
| Airship Genesis | 648,344 | 648,344 |
| | <u>28,520,715</u> | <u>27,654,565</u> |
| Less accumulated depreciation and amortization | <u>(18,548,587)</u> | <u>(16,373,968)</u> |
| | 9,972,128 | 11,280,597 |
| Construction in progress | <u>11,103,713</u> | <u>4,582,900</u> |
| | <u>\$ 21,075,841</u> | <u>\$ 15,863,497</u> |

Depreciation expense was recorded in the amount of approximately \$2,178,000 and \$1,795,000, for the years ended June 30, 2024 and 2023, respectively. Amortization expense, related to website development was approximately \$21,000, for each of the years ended June 30, 2024 and 2023, respectively. Capitalized interest, included within construction in progress, totaled \$236,337 and \$0 as of June 30, 2024 and 2023, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

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8. LONG-TERM DEBT:

Long-term debt consists of:

| | June 30, | |
|--|--------------|--------------|
| | 2024 | 2023 |
| A \$10,000,000 construction line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of 5.75%. In July 2024, the construction line of credit converted to a term loan upon maturity with monthly payments, including principal and interest, of \$110,324 based on a five-year amortization. Loan matures April 2029 with a balloon payment due of \$6,135,091. | \$ 9,192,895 | \$ 2,712,172 |
| Revolving \$7,000,000 line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of prime minus 0.25% (effectively 8.25% as of June 30, 2024). The line of credit matures March 2025. | 6,500,000 | - |
| A \$8,000,000 construction line of credit with a financial institution, secured by property and equipment, inventory, and accounts receivable. Interest rate of 6.25%. The line of credit matures March 2025. | 104,570 | - |
| | 15,797,465 | 2,712,172 |
| Less current portion | (7,222,528) | (2,712,172) |
| | \$ 8,574,937 | \$ - |

Annual minimum payments on the notes payable are as follows:

| Year Ending June 30, | |
|----------------------|---------------|
| 2025 | \$ 7,222,528 |
| 2026 | 797,966 |
| 2027 | 845,749 |
| 2028 | 895,236 |
| 2029 | 6,035,986 |
| | \$ 15,797,465 |

Interest expense for years ended June 30, 2024 and 2023 totaled approximately \$636,000 and \$63,000, respectively. Turning Point was in compliance with all financial and reporting covenants as of June 30, 2024 and 2023.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS:

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

| | June 30, | |
|----------------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Studio equipment | \$ 2,712,780 | \$ 2,631,780 |
| Time restricted | 841,000 | 904,000 |
| Global outreach | 167,329 | 130,139 |
| Other program restrictions | <u>21,757</u> | <u>76,663</u> |
| | <u>\$ 3,742,866</u> | <u>\$ 3,742,582</u> |

10. COMMITMENTS:

During the year ended June 30, 2024, Turning Point entered into a consulting contract for completion of a office remodel project in fiscal year 2025. As of June 30, 2024, Turning Point is committed to paying approximately \$688,000 of consulting costs.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

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11. RELATED PARTY TRANSACTIONS:

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

For the years ended June 30, 2024 and 2023, the following transactions occurred between Turning Point and the Church: contributions to the Church were \$100,000 for both years; 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 approximately \$46,000 and \$35,000, respectively. Amounts owed to Turning Point by the Church were approximately \$6,000 and \$3,000, as of June 30, 2024 and 2023, 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, 2024 and 2023, Turning Point invoiced approximately \$1,805,000 and \$1,629,000, respectively, for goods and services to the Canadian Charity. Accounts receivable from the Canadian Charity were approximately \$377,000 and \$342,000, as of June 30, 2024 and 2023, 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, 2024 and 2023, Turning Point contributed approximately \$398,000 and \$529,000, respectively, in goods and services to Turning Point for God of Great Britain. For the year ended June 30, 2024, reimbursements from Turning Point for God of Great Britain were approximately \$253,000.

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 \$700,000 and \$600,000, for the years ended June 30, 2024 and 2023, respectively.

TURNING POINT FOR GOD

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

11. RELATED PARTY TRANSACTIONS, continued:

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

12. RETIREMENT PLAN:

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

Total retirement expense was approximately \$683,000 and \$591,000, for the years ended June 30, 2024 and 2023, respectively.

13. SUBSEQUENT EVENT:

Subsequent events have been evaluated through September 18, 2024, which is the date the consolidated financial statements were available to be issued.