



**BIBLE STUDY FELLOWSHIP AND
AFFILIATES**

**Consolidated and Combined
Financial Statements
With Independent Auditors' Report**

August 31, 2023 and 2022

BIBLE STUDY FELLOWSHIP AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bible Study Fellowship and Affiliates
San Antonio, Texas

Opinion

We have audited the accompanying consolidated and combined financial statements of Bible Study Fellowship and Affiliates, which comprise the consolidated and combined statements of financial position as of August 31, 2023 and 2022, and the related consolidated and combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Bible Study Fellowship and Affiliates as of August, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Combined Financial Statements* section of our report. We are required to be independent of Bible Study Fellowship and Affiliates 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 and Combined Financial Statements

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

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bible Study Fellowship and Affiliates' ability to continue as a going concern within one year after the date that the consolidated and combined financial statements are available to be issued.

Board of Directors
Bible Study Fellowship and Affiliates
San Antonio, Texas

Auditors' Responsibilities for the Audit of the Consolidated and Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined 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 and combined 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 and combined 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 and combined 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 Bible Study Fellowship and Affiliates' 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 and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bible Study Fellowship and Affiliates' 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

Irving, Texas
February 1, 2024

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statements of Financial Position

	August 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 10,412,929	\$ 9,406,237
Cash in foreign bank accounts/classes	5,433,310	4,751,709
Investments	30,421,420	29,656,691
Pledges and estate receivables–net	141,732	267,942
Area advisor advances and other receivables	425,538	761,876
Prepaid expenses and other assets	755,328	766,779
Operating lease right-of-use assets	173,534	-
Beneficial interest in trust agreements	137,046	127,253
Property, plant, and equipment–net	15,785,525	17,646,302
Total Assets	\$ 63,686,362	\$ 63,384,789
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,270,887	\$ 2,093,693
Operating lease liabilities	173,534	-
Total liabilities	1,444,421	2,093,693
Net assets:		
Net assets without donor restrictions	61,743,991	60,447,535
Net assets with donor restrictions:		
Restricted by purpose or time	491,080	836,691
Restricted in perpetuity	6,870	6,870
	497,950	843,561
Total net assets	62,241,941	61,291,096
Total Liabilities and Net Assets	\$ 63,686,362	\$ 63,384,789

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Activities

	Year Ended August 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
United States	\$ 25,937,944	\$ 251,974	\$ 26,189,918	\$ 27,299,685	\$ 259,967	\$ 27,559,652
International	3,416,623	1,062,876	4,479,499	2,623,967	1,407,442	4,031,409
Investment income (loss)	200,928	-	200,928	(1,619,519)	-	(1,619,519)
Loss on disposal of property plant and equipment	(199,571)	-	(199,571)	(43,282)	-	(43,282)
Other income (loss)	(15,293)	-	(15,293)	34,769	-	34,769
Total Support and Revenue	29,340,631	1,314,850	30,655,481	28,295,620	1,667,409	29,963,029
NET ASSETS RELEASED:						
Purpose restrictions	1,392,519	(1,392,519)	-	1,658,774	(1,658,774)	-
Time restrictions	267,942	(267,942)	-	2,697,484	(2,697,484)	-
Total Net Assets Released	1,660,461	(1,660,461)	-	4,356,258	(4,356,258)	-
EXPENSES:						
Program services:						
Global in-depth Bible studies:						
United States	21,958,448	-	21,958,448	25,398,033	-	25,398,033
International	1,942,879	-	1,942,879	1,066,739	-	1,066,739
	23,901,327	-	23,901,327	26,464,772	-	26,464,772
Supporting activities:						
Administration	5,803,309	-	5,803,309	5,439,340	-	5,439,340
Total Expenses	29,704,636	-	29,704,636	31,904,112	-	31,904,112
Change in Net Assets	1,296,456	(345,611)	950,845	747,766	(2,688,849)	(1,941,083)
Net Assets, Beginning of Year	60,447,535	843,561	61,291,096	59,699,769	3,532,410	63,232,179
Net Assets, End of Year	\$ 61,743,991	\$ 497,950	\$ 62,241,941	\$ 60,447,535	\$ 843,561	\$ 61,291,096

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Functional Expenses

	Year Ended August 31,					
	2023			2022		
	Program Services	Supporting Activities		Program Services	Supporting Activities	
	Global in-depth Bible Studies	Administration	Total	Global in-depth Bible Studies	Administration	Total
Salaries and benefits	\$ 8,267,510	\$ 2,720,266	\$ 10,987,776	\$ 8,275,511	\$ 3,022,777	\$ 11,298,288
Information technology	3,440,265	700,494	4,140,759	3,488,454	302,053	3,790,507
Depreciation	2,727,385	735,652	3,463,037	2,869,850	363,700	3,233,550
Church facilities	3,402,906	-	3,402,906	3,355,575	-	3,355,575
Professional services	714,253	387,672	1,101,925	1,310,166	666,752	1,976,918
Class/office supplies and expenses	586,235	722,495	1,308,730	477,286	489,195	966,481
Area advisor expenses	1,270,615	-	1,270,615	746,189	18,030	764,219
Facilities	798,980	186,424	985,404	811,287	193,673	1,004,960
Travel	768,109	30,702	798,811	1,766,370	17,186	1,783,556
Insurance	231,508	236,618	468,126	112,582	310,274	422,856
Staff training	406,691	59,545	466,236	190,770	30,708	221,478
Shipping and printing	455,070	7,999	463,069	126,019	12,660	138,679
Retreat lodging, meals, and other related expenses	319,731	200	319,931	2,212,926	-	2,212,926
Curriculum	299,737	764	300,501	497,103	-	497,103
Screening volunteers	155,994	-	155,994	132,213	-	132,213
Children's supplies	44,015	-	44,015	53,277	-	53,277
Miscellaneous	12,323	14,478	26,801	39,194	12,332	51,526
Total Expenses	\$ 23,901,327	\$ 5,803,309	\$ 29,704,636	\$ 26,464,772	\$ 5,439,340	\$ 31,904,112

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Cash Flows

	Year Ended August 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 950,845	\$ (1,941,083)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,463,037	3,233,550
Net realized and unrealized loss on investments	343,724	2,145,767
Loss on disposal of property, plant, and equipment	199,571	43,282
Changes in operating assets and liabilities:		
Pledges and estate receivables	116,417	2,710,717
Area advisor advances and other receivables	336,338	228,177
Prepaid expenses and other assets	11,451	(359,013)
Accounts payable and accrued expenses	(226,332)	503,402
Net Cash Provided by Operating Activities	5,195,051	6,564,799
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	4,850,873	41,195,499
Proceeds from sale of property, plant, and equipment	-	51,795
Purchase of investments	(5,959,326)	(41,217,519)
Purchase of property, plant, and equipment	(2,398,305)	(4,155,104)
Net Cash Used by Investing Activities	(3,506,758)	(4,125,329)
Net Change in Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes	1,688,293	2,439,470
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, Beginning of Year	14,157,946	11,718,476
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, End of Year	\$ 15,846,239	\$ 14,157,946
Cash and cash equivalents and cash in foreign bank accounts/classes consist of the following:		
Cash and cash equivalents	\$ 10,412,929	\$ 9,406,237
Cash in foreign bank accounts/classes	5,433,310	4,751,709
	\$ 15,846,239	\$ 14,157,946
NON-CASH DISCLOSURE:		
Property, plant, and equipment acquired with accounts payable	\$ 112,000	\$ 708,474
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 313,421	\$ -

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Bible Study Fellowship (the Organization) is a not-for-profit corporation conducting Bible study classes in the United States and throughout the world.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include BSF International, LLC, BSF Global Impact Corporation, and BSF International Properties Corporation. The Organization is the sole-owner of these entities. BSF International, LLC operates all classes outside the United States, and organizes and maintains registrations with similar exemptions under local laws in other countries in order to facilitate international operations. Current registrations include Hong Kong, Indonesia, Kenya, Uganda, Nigeria, Philippines, and Taiwan. Control and economic interest in these foreign affiliated organizations is maintained by common board membership and/or oversight of all operations resulting from Bible Study Fellowship's provision of all copyrighted materials and related policies required to conduct Bible Study Fellowship classes, tracking of all resulting financial activity, and ensuring compliance with requirements of local regulatory and tax laws.

BSF Global Impact Corporation was formed for the purpose of holding and conducting the endowment and investment activities on behalf of and for the sole benefit of the Organization.

BSF International Properties Corporation was formed for the purpose of holding title to property and conducting related activities on behalf of and for the sole benefit of the Organization.

Bible Study Fellowship, BSF International, LLC, and BSF Global Impact Corporation are nonprofit organizations exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and are not private foundations under Section 509(a) of the Code. BSF International Properties Corporation is a Texas corporation organized as a nonprofit holding company under Section 501(c)(2).

PRINCIPLES OF COMBINATION

The accompanying financial statements include the accounts of BSF International (Australia) Limited, BSF International (New Zealand) Limited, Bible Study Fellowship (Singapore), BSF International (U.K.) Limited, and Bible Study Fellowship (Canada). These five organizations are affiliates that are operated independently with their own separate board of directors and work together collaboratively to achieve their respective charitable purposes. Due to the lack of common board control, these affiliates are not required to be consolidated with the Organization. However, given the collaborative nature of this structure, combined financial statements are presented for these affiliates. The combined affiliates of BSF that are organized outside of the United States are tax-exempt based on the various laws of the country in which they operate. These affiliates are generally not subject to any Federal or State income tax including any tax liabilities due to unrelated business income.

The consolidated and combined affiliates (collectively, BSF) are part of the financial statements. All material intercompany accounts and transactions have been eliminated in the consolidated and combined financial statements.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

BSF currently operates 1,385 classes plus 6,918 satellite discussion groups where members meet weekly for in-depth Bible study. These classes and groups meet in 36 different countries. In addition, BSF hosts 1,976 online discussion groups that allow class members in 166 different countries to participate in weekly small group discussions over their computer or connected devices. These online discussion groups have grown out of BSF's strategic investment in technology and digital options as they seek to reach people of all ages, races, countries, and cultures with in-depth Bible study. The organization's mission is: global, in-depth Bible classes producing passionate commitment to Christ, His Word, and His Church. Their vision is to magnify God and mature His people.

BSF's primary source of support and revenue is contributions from individual donors and those attending their classes around the world. BSF does not charge class members for participating in their Bible classes.

BSF maintains its accounts and prepares its consolidated and combined financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. BSF uses estimates and assumptions in preparing consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated and combined financial statements. The significant accounting policies followed are described below to enhance the usefulness of the consolidated and combined financial statements to the reader.

Day-to-day foreign operations have been converted to United States Dollars (USD) for purposes of presenting consolidated and combined financial statements. Foreign assets and liabilities are translated at the spot rate at year-end. Foreign income and expense were translated at an average rate for the year ending August 31, 2022, and are translated at the current rate of exchange at the time of the transaction for the year ending August 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS AND CASH IN FOREIGN BANK ACCOUNTS/CLASSES

Cash and cash equivalents and cash in foreign bank accounts/classes includes checking, savings, interest-bearing money market accounts, and highly liquid investments with maturities less than 90 days. These balances, at times, may exceed federally insured limits. As of August 31, 2023 and 2022, BSF had approximately \$14,000,000 and \$13,300,000 of cash balances on deposit that exceeded federally insured limits, respectively.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of certificates of deposit with maturities of 90 days or greater, which are reported at cost plus accrued interest. Investments also include mutual funds, common stock and exchange traded funds, which are reported at fair value based on quoted market prices, as well as real estate investment trusts, and regulated investment companies which are reported at estimated fair market value as measured by their net asset value as reported by fund managers. Donated securities are liquidated upon receipt and recorded based on the net proceeds, which approximates the fair market value of the gift. Interest and dividends are recognized as investment income in the period earned. Unrealized gains and losses are reported in the consolidated and combined statements of activities as investment income in the year in which they occur.

PLEDGES, ESTATE, AND OTHER RECEIVABLES

Pledges and other receivables consist of unconditional promises to give from donors, as well as other miscellaneous receivables. Substantially, all pledges are due in one year, and any long-term pledges are not material. As such, no discount has been recorded. At August 31, 2023 and 2022, all pledges and other receivables are considered to be fully collectible. As such, no allowance has been recorded.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are capitalized at cost or, if donated, at fair market value at the date of the gift. Depreciation is recorded using the straight-line method over the estimated useful lives, which range from 3 to 40 years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in revenue for the period. Purchases of property, plant, and equipment valued at \$5,000 or more with a useful life of greater than one year are capitalized.

OPERATING LEASES—RIGHT-OF-USE ASSETS AND LIABILITIES

BSF adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standards below) and its related amendments as of September 1, 2022, which resulted in the recognition of operating lease right-of-use assets totaling \$173,534 as of August 31, 2023, as well as operating lease liabilities totaling \$173,534. BSF elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of September 1, 2022, without restatement of prior-year amounts. Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 8.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The net assets of BSF are reported in the following categories:

Net assets without donor restrictions include resources that are available for current operations, including those resources board-designated for unusual or extraordinary expenses and those resources invested in property, plant, and equipment—net.

Net assets with donor restrictions include donor-restricted contributions for various projects and programs. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. These include donor restrictions requiring the net assets be held in perpetuity. The disclosures required by the *Reporting Endowment Funds* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) have not been included in these consolidated and combined financial statements due to immateriality.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated amounts. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is satisfied, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated and combined statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or grantor.

For the year ended August 31, 2022, BSF produced a Leader Event that served to inspire, unite, and mobilize BSF’s global leadership team. BSF incurred all costs to produce, host, and deliver this Leader Event in various venues around the world. For the year ended August 31, 2023, BSF did not host a global Leader Event. In June 2024 BSF will hold another global Leader Event in Dallas, Texas. This event will bring together more than 1,300 of BSF’s global leaders for a week of teaching and inspiration. BSF donors contribute to the Leader Events Fund to support hosting, travel, and production of BSF Leader Events. Any such gifts are considered restricted for these Leader Events.

	<u>Year Ended August 31,</u>	
	<u>2023</u>	<u>2022</u>
Individual contributions restricted for the Leader Event fund	\$ 41,771	\$ 186,402
Less Leader Event expenses	<u>(3,655)</u>	<u>(3,984,322)</u>
	<u>\$ 38,116</u>	<u>\$ (3,797,920)</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated and combined financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of BSF. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy-related costs, which are allocated on a square footage basis, as well as salaries and benefits, information technology, administrative support, and travel, which are allocated on the basis of estimates of time and effort. Costs of other categories were allocated based on program services and supporting activities benefited.

FOREIGN OPERATIONS

In connection with its foreign operations, BSF has assets and liabilities outside the United States. The account balances relating to foreign operations are reflected in the consolidated and combined financial statements in USD. As of August 31, 2023 and 2022, assets in other countries totaled \$5,813,149 and \$5,289,781, respectively, and liabilities in other countries totaled \$445,125 and \$86,938 respectively. Support and revenue received from foreign sources totaled \$4,479,499 and \$4,031,409 for the years ended August 31, 2023 and 2022, respectively.

Net gains and losses resulting from foreign exchange translations are included in the consolidated and combined statements of activities. BSF recognized a net unrealized foreign exchange loss of \$92,565 and \$228,426 during the years ended August 31, 2023 and 2022, respectively, which is reported in the consolidated and combined statements of activities as other income (loss).

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the consolidated and combined statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The new guidance was adopted by BSF, effective September 1, 2022. Leases are classified as either operating or finance. BSF elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of September 1, 2022, without restating any prior-year amounts. BSF also elected to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 8.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects BSF's financial assets as of the consolidated and combined statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	August 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 10,412,929	\$ 9,406,237
Cash in foreign bank accounts/classes	5,433,310	4,751,709
Investments	30,421,420	29,656,691
Pledges and estate receivables-net	141,732	267,942
Area advisor advances and other receivables	425,538	761,876
Beneficial interest in trust agreements	137,046	127,253
Financial assets, at year-end	46,971,975	44,971,708
Less those not available for general expenditure within one year:		
Perpetual endowment	(6,870)	(6,870)
Restrictions by donor with time or purpose restrictions	(212,302)	(441,496)
Beneficial interest in trusts	(137,046)	(127,253)
Board-designated reserves	(15,938,016)	(15,536,084)
	(16,294,234)	(16,111,703)
Financial assets available to meet cash needs for general expenditures within one year	\$ 30,677,741	\$ 28,860,005

As part of BSF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. BSF has \$7,913,016 and \$7,511,084 in board-designated funds as of August 31, 2023 and 2022, respectively, that are designated as contingency funds and could be use to support general expenditures within one year.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

4. INVESTMENTS:

Investments consist of:

	August 31,	
	2023	2022
Certificates of deposit	\$ 2,750,222	\$ 2,726,598
U.S. Treasury securities	25,528,749	25,863,598
Mutual funds	1,233,421	76,621
Real estate investment trusts	485,877	532,467
Regulated investment companies	423,151	457,407
	\$ 30,421,420	\$ 29,656,691

BSF maintains several investment accounts with different financial institutions holding the security positions listed above. Investments are not protected against potential declines in value from normal or adverse market conditions. In management's opinion, account holdings, and investment allocations are in accordance with policies established by BSF intended to minimize such risk of loss.

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consist of:

	August 31,	
	2023	2022
Land	\$ 1,533,073	\$ 1,533,073
Building and improvements	18,102,657	18,178,373
Software and equipment	16,149,989	13,183,781
Printing equipment	15,028	2,729,555
Automobiles	169,533	299,401
Training library books	159,947	159,947
	36,130,227	36,084,130
Less accumulated depreciation	(22,635,608)	(22,418,250)
	13,494,619	13,665,880
Construction in process	2,290,906	3,980,422
	\$ 15,785,525	\$ 17,646,302

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

6. NET ASSETS:

Net assets without donor restrictions:

	August 31,	
	2023	2022
Undesignated net assets	\$ 45,805,975	\$ 44,911,451
Board-designated net assets:		
Contingency reserves	7,913,016	7,511,084
Building fund	8,000,000	8,000,000
Other	25,000	25,000
	15,938,016	15,536,084
	\$ 61,743,991	\$ 60,447,535

Net assets with donor restrictions:

The following tables reflect the net asset with donor restrictions activity during the years ended August 31, 2023 and 2022:

	August 31, 2022	Support and Revenue	Net assets released from restriction	August 31, 2023
Translations/multilingual fund	\$ 387,698	\$ 134,122	\$ (401,489)	\$ 120,331
Building fund	-	36,561	(36,561)	-
Leader Event fund	-	41,771	(3,655)	38,116
Pledges and estate receivables	267,942	141,732	(267,942)	141,732
Beneficial interest in trust agreements	127,253	9,793	-	137,046
Israel scholarship fund	53,798	22,117	(22,060)	53,855
International fund	-	928,754	(928,754)	-
	\$ 836,691	\$ 1,314,850	\$ (1,660,461)	\$ 491,080

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

6. NET ASSETS, continued:

Net assets with donor restrictions, continued:

	August 31, 2021	Support and Revenue	Net assets released from restriction	August 31, 2022
Translations/multilingual fund	\$ 332,199	\$ 347,090	\$ (291,591)	\$ 387,698
Building fund	-	81,744	(81,744)	-
Leader Event fund	-	186,402	(186,402)	-
Pledges and estate receivables	2,965,426	-	(2,697,484)	267,942
Beneficial interest in trust agreements	140,486	(13,233)	-	127,253
Israel scholarship fund	87,429	5,054	(38,685)	53,798
International fund	-	1,060,352	(1,060,352)	-
	<u>\$ 3,525,540</u>	<u>\$ 1,667,409</u>	<u>\$ (4,356,258)</u>	<u>\$ 836,691</u>

Building fund:

BSF maintains a building fund which supports BSF Global Headquarters with needed expansion of and improvements and renovations to its building and grounds. The following table reflects the building fund's activity during the years ended August 31, 2023 and 2022:

	August 31, 2022	Contributions	Net assets released from restriction or designation	August 31, 2023
Board-designated	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000
With donor restrictions	-	36,561	(36,561)	-
	<u>\$ 8,000,000</u>	<u>\$ 36,561</u>	<u>\$ (36,561)</u>	<u>\$ 8,000,000</u>

	August 31, 2021	Contributions	Net assets released from restriction or designation	August 31, 2022
Board-designated	\$ 12,598,117	\$ -	\$ (4,598,117)	\$ 8,000,000
With donor restrictions	-	81,744	(81,744)	-
	<u>\$ 12,598,117</u>	<u>\$ 81,744</u>	<u>\$ (4,679,861)</u>	<u>\$ 8,000,000</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

6. NET ASSETS, continued:

Net assets subject to restriction in perpetuity:

	August 31,	
	2023	2022
Endowment	\$ 6,870	\$ 6,870

7. FAIR VALUE MEASUREMENTS:

BSF has adopted the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification. These standards define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market between market participants on the measurement date.

The fair values of investments are based on the framework established in the standards which establishes a three-level hierarchy for determining fair value. The valuations for each of these levels are determined as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

7. FAIR VALUE MEASUREMENTS, continued:

The tables below presents the level within the fair value hierarchy at which investments were measured at August 31, 2023 and 2022:

	Total	August 31, 2023		
		Level 1	Level 2	Level 3
Investments:				
Investments at fair value:				
Mutual funds:				
Money market mutual funds	\$ 1,172,612	\$ 1,172,612	\$ -	\$ -
Bond mutual funds	6,834	6,834	-	-
Equity mutual funds	53,975	53,975	-	-
U.S. Treasury securities	25,528,749	-	25,528,749	-
	26,762,170	\$ 1,233,421	\$ 25,528,749	\$ -
Investments held at net asset value:				
Real estate investment trusts	485,877			
Regulated investment companies	423,151			
	909,028			
Investments held at cost:				
Certificates of deposit	2,750,222			
Total investments	\$ 30,421,420			
Beneficial interest in trust agreements	\$ 137,046	\$ -	\$ -	\$ 137,046

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

7. FAIR VALUE MEASUREMENTS, continued:

	August 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
Investments at fair value:				
Mutual funds:				
Bond mutual funds	\$ 6,841	\$ 6,841	\$ -	\$ -
Equity mutual funds	69,780	69,780	-	-
U.S. Treasury securities	25,863,598	-	25,863,598	-
	25,940,219	\$ 76,621	\$ 25,863,598	\$ -
Investments held at net asset value:				
Real estate investment trusts	532,467			
Regulated investment companies	457,407			
	989,874			
Investments held at cost:				
Certificates of deposit	2,726,598			
	\$ 29,656,691			
Beneficial interest in trust agreements	\$ 127,253	\$ -	\$ -	\$ 127,253

Valuation techniques: Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for U.S. Treasury securities are determined based on yields currently available on securities of issuers with similar credit ratings. Fair values for beneficial interest in trust agreements are based on assumptions about the present value of distributions to be received from the trusts.

Change in valuation techniques: None.

BSF uses the Net Asset Value (NAV) to determine the fair value for all investments which do not have a readily determinable fair value and prepare their consolidated and combined financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. As of August 31, 2023 and 2022, investments valued using NAV were privately held real estate investment trusts and regulated investment companies. The real estate investment trusts invest primarily in high-quality retail real estate assets. The regulated investment companies engage primarily in debt and income securities of private U.S. energy and power companies and private middle market companies. There are no redemption restrictions, and no unfunded commitments as of August 31, 2023 and 2022.

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

8. OPERATING LEASE–RIGHT-OF-USE ASSETS AND LIABILITIES:

BSF leases office space under several lease agreement expiring in August 2024. The office space leases requires monthly payments totaling \$15,032 per month. The discount rates vary for each lease, and represent the risk-free rate using a period comparable with that of the individual lease term on the inception date of the lease. Short-term leases with a term of 12 or fewer months are not reflected on the consolidated and combined statements of financial position, and costs are expensed as incurred.

	August 31, 2023
Operating lease–right-of-use assets	<u>\$ 173,534</u>
Operating lease liabilities	<u>\$ 173,534</u>
Operating lease costs	<u>\$ 156,562</u>
Cash paid for amounts included in the measurement of operating lease obligations	<u>\$ 156,562</u>
Weighted Average Discount Rate	2.33%
Weighted-Average Remaining lease term (years)	0.97

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

Year Ending August 31,	Operating
2024	\$ 175,618
Less imputed interest	<u>(2,084)</u>
	<u>\$ 173,534</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2023 and 2022

9. DEFINED CONTRIBUTION RETIREMENT PLAN:

BSF sponsors a 401(k) defined contribution retirement plan (the Defined Contribution Plan) that was adopted on September 1, 2009. All employees meeting certain eligibility requirements are entitled to make contributions to the Defined Contribution Plan. BSF provides for matching contributions to the Defined Contribution Plan as a percentage of contributions. Matching contributions are recommended annually in advance by management, and approved by the board. Employer matching contributions to the Defined Contribution Plan were \$302,293 and \$259,943, for the years ended August 31, 2023 and 2022, respectively.

10. SUBSEQUENT EVENTS:

Subsequent to fiscal year-end, the board of directors made the decision to move forward with a plan to sell BSF's headquarters' property located in San Antonio, Texas.

Subsequent events have been evaluated through February 1, 2024, which represents the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Bible Study Fellowship and Affiliates
San Antonio, Texas

We have audited the consolidated and combined financial statements of Bible Study Fellowship and Affiliates as of and for the years ended August 31, 2023 and 2022, and our report thereon dated February 1, 2024, which expresses an unmodified opinion on those consolidated and combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The supplementary information located on pages 22-23 is presented for the purpose of additional analysis and is not a required part of the consolidated and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

Capin Crouse LLP

Irving, Texas
February 1, 2024

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidating and Combining Statement of Financial Position

August 31, 2023

		BSF International Properties Corp.		BSF International	BSF Global Impact Corp.	Eliminations	Total					
ASSETS:												
Cash and cash equivalents	\$	2,752,777	\$	10,226	\$	2,473,630	\$	5,176,296	\$	-	\$	10,412,929
Cash in foreign bank accounts/classes		-		-		5,433,310		-		-		5,433,310
Investments		431,673		-		-		29,989,747		-		30,421,420
Pledges and estate receivables-net		141,732		-		-		-		-		141,732
Area advisor advances and other receivables		11,315		-		299,442		114,781		-		425,538
Prepaid expenses and other assets		741,351		-		13,977		-		-		755,328
Intercompany receivables		-		-		4,192,456		1,083,778		(5,276,234)		-
Operating lease-right-of-use assets		173,534		-		-		-		-		173,534
Beneficial interest in trust agreements		137,046		-		-		-		-		137,046
Property, plant, and equipment-net		14,712,102		1,073,423		-		-		-		15,785,525
Total Assets	\$	19,101,530	\$	1,083,649	\$	12,412,815	\$	36,364,602	\$	(5,276,234)	\$	63,686,362
LIABILITIES AND NET ASSETS:												
Liabilities:												
Accounts payable and accrued expenses	\$	744,884	\$	5,608	\$	517,395	\$	3,000	\$	-	\$	1,270,887
Operating lease liabilities		173,534		-		-		-		-		173,534
Intercompany payables		5,269,007		7,227		-		-		(5,276,234)		-
Total liabilities		6,187,425		12,835		517,395		3,000		(5,276,234)		1,444,421
Net assets:												
Net assets without donor restrictions:												
Undesignated/board-designated		12,536,486		1,070,814		11,775,089		36,361,602		-		61,743,991
Net assets with donor restrictions:												
Restricted by purpose or time		370,749		-		120,331		-		-		491,080
Restricted in perpetuity		6,870		-		-		-		-		6,870
		377,619		-		120,331		-		-		497,950
Total net assets		12,914,105		1,070,814		11,895,420		36,361,602		-		62,241,941
Total Liabilities and Net Assets	\$	19,101,530	\$	1,083,649	\$	12,412,815	\$	36,364,602	\$	(5,276,234)	\$	63,686,362

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidating and Combining Statement of Activities

Year Ended August 31, 2023

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Total
SUPPORT AND REVENUE:					
Contributions	\$ 25,730,235	\$ -	\$ 4,479,499	\$ 459,683	\$ 30,669,417
Investment income	8,978	16	7,775	184,159	200,928
Loss on disposal of property plant and equipment	(199,571)	-	-	-	(199,571)
Other income (loss)	(44,159)	-	28,866	-	(15,293)
Total Support and Revenue	25,495,483	16	4,516,140	643,842	30,655,481
EXPENSES:					
Program services:					
Global in-depth Bible studies	21,958,448	-	1,942,879	-	23,901,327
Supporting activities:					
Administration	5,161,661	73,867	542,614	25,167	5,803,309
Total Expenses	27,120,109	73,867	2,485,493	25,167	29,704,636
Change in Net Assets before Intercompany Activity	(1,624,626)	(73,851)	2,030,647	618,675	950,845
Intercompany transfers	-	-	-	-	-
Change in Net Assets	(1,624,626)	(73,851)	2,030,647	618,675	950,845
Net Assets, Beginning of Year	14,538,731	1,144,665	9,864,773	35,742,927	61,291,096
Net Assets, End of Year	\$ 12,914,105	\$ 1,070,814	\$ 11,895,420	\$ 36,361,602	\$ 62,241,941