



**BIBLE STUDY FELLOWSHIP AND
AFFILIATES**

Consolidated and Combined
Financial Statements
With Independent Auditors' Report

August 31, 2022 and 2021

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, 2022 and 2021, 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, 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 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
March 1, 2023

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statements of Financial Position

	August 31,	
	2022	2021
ASSETS:		
Cash and cash equivalents	\$ 9,406,237	\$ 9,516,071
Cash in foreign bank accounts/classes	4,751,709	2,202,405
Investments	29,656,691	31,780,438
Pledges and estate receivables–net	267,942	2,965,426
Area advisor advances and other receivables	761,876	990,053
Prepaid expenses and other assets	766,779	407,766
Beneficial interest in trust agreements	127,253	140,486
Property, plant, and equipment–net	17,646,302	16,111,351
Total Assets	\$ 63,384,789	\$ 64,113,996
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,093,693	\$ 881,817
Total liabilities	2,093,693	881,817
Net assets:		
Net assets without donor restrictions	60,447,535	59,699,769
Net assets with donor restrictions:		
Restricted by purpose or time	836,691	3,525,540
Restricted in perpetuity	6,870	6,870
	843,561	3,532,410
Total net assets	61,291,096	63,232,179
Total Liabilities and Net Assets	\$ 63,384,789	\$ 64,113,996

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Activities

	Year Ended August 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
United States	\$ 27,299,685	\$ 259,967	\$ 27,559,652	\$ 25,116,160	\$ 2,284,948	\$ 27,401,108
International	-	4,031,409	4,031,409	-	4,024,215	4,024,215
Investment (loss) income	(1,619,519)	-	(1,619,519)	2,687,493	-	2,687,493
(Loss) gain on disposal of property plant and equipment	(43,282)	-	(43,282)	179,872	-	179,872
Miscellaneous income	34,769	-	34,769	316,869	-	316,869
Total Support and Revenue	25,671,653	4,291,376	29,963,029	28,300,394	6,309,163	34,609,557
NET ASSETS RELEASED:						
Purpose restrictions	4,282,741	(4,282,741)	-	5,122,378	(5,122,378)	-
Time restrictions	2,697,484	(2,697,484)	-	1,308,557	(1,308,557)	-
Total Net Assets Released	6,980,225	(6,980,225)	-	6,430,935	(6,430,935)	-
EXPENSES:						
Classes:						
United States	25,398,033	-	25,398,033	17,190,746	-	17,190,746
International	1,066,739	-	1,066,739	924,256	-	924,256
	26,464,772	-	26,464,772	18,115,002	-	18,115,002
Administration	5,439,340	-	5,439,340	4,777,193	-	4,777,193
Total Expenses	31,904,112	-	31,904,112	22,892,195	-	22,892,195
Change in Net Assets	747,766	(2,688,849)	(1,941,083)	11,839,134	(121,772)	11,717,362
Net Assets, Beginning of Year	59,699,769	3,532,410	63,232,179	47,860,635	3,654,182	51,514,817
Net Assets, End of Year	\$ 60,447,535	\$ 843,561	\$ 61,291,096	\$ 59,699,769	\$ 3,532,410	\$ 63,232,179

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statement of Functional Expenses

Year Ended August 31, 2022

	Leadership Training	Production Expenses	Local Classes	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 6,370,676	\$ 987,326	\$ 917,509	\$ 8,275,511	\$ 3,022,777	\$ 11,298,288
Information technology	1,648,163	85,417	1,754,874	3,488,454	302,053	3,790,507
Church facilities	-	-	3,355,575	3,355,575	-	3,355,575
Depreciation	2,186,982	612,706	70,162	2,869,850	363,700	3,233,550
Retreat lodging, meals, and other related expenses	2,212,926	-	-	2,212,926	-	2,212,926
Professional services	1,285,668	14,690	9,808	1,310,166	666,752	1,976,918
Travel	1,763,336	1,805	1,229	1,766,370	17,186	1,783,556
Facilities	462,885	312,120	36,282	811,287	193,673	1,004,960
Administrative support	115,365	4,369	357,552	477,286	489,195	966,481
Area advisor expenses	740,773	2,283	3,133	746,189	18,030	764,219
Curriculum	497,103	-	-	497,103	-	497,103
Insurance	56,291	-	56,291	112,582	310,274	422,856
Staff training	170,169	15,774	4,827	190,770	30,708	221,478
Shipping and printing	327	80,146	45,546	126,019	12,660	138,679
Screening volunteers	-	-	132,213	132,213	-	132,213
Children's supplies	-	-	53,277	53,277	-	53,277
Miscellaneous	37,806	826	562	39,194	12,332	51,526
Total Expenses	\$ 17,548,470	\$ 2,117,462	\$ 6,798,840	\$ 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 Statement of Functional Expenses

Year Ended August 31, 2021

	Leadership Training	Production Expenses	Local Classes	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 7,747,268	\$ 1,051,505	\$ 203,143	\$ 9,001,916	\$ 2,130,179	\$ 11,132,095
Professional services	2,420,678	17,591	-	2,438,269	507,865	2,946,134
Information technology	1,607,509	143,761	-	1,751,270	862,566	2,613,836
Depreciation	1,235,414	350,387	-	1,585,801	286,659	1,872,460
Church facilities	-	-	1,425,861	1,425,861	-	1,425,861
Facilities	374,867	42,844	25,168	442,879	200,501	643,380
Area advisor expenses	551,613	-	-	551,613	-	551,613
Administrative support	40,314	-	107,591	147,905	298,888	446,793
Curriculum	417,180	-	-	417,180	-	417,180
Insurance	-	-	-	-	411,325	411,325
Shipping and printing	-	106,634	22,419	129,053	-	129,053
Staff training	71,326	4,729	-	76,055	21,517	97,572
Miscellaneous	8,039	1,836	-	9,875	53,155	63,030
Screening volunteers	-	-	53,699	53,699	-	53,699
Travel	42,644	-	-	42,644	4,538	47,182
Retreat lodging, meals, and other related expenses	36,929	-	-	36,929	-	36,929
Children's supplies	-	-	4,053	4,053	-	4,053
Total Expenses	\$ 14,553,781	\$ 1,719,287	\$ 1,841,934	\$ 18,115,002	\$ 4,777,193	\$ 22,892,195

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Cash Flows

	Year Ended August 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,941,083)	\$ 11,717,362
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,233,550	1,872,460
Net realized and unrealized loss (gains) on investments	2,145,767	(2,172,920)
Loss (gain) on disposal of property, plant, and equipment	43,282	(179,872)
Changes in operating assets and liabilities:		
Pledges and estate receivables	2,710,717	(766,063)
Area advisor advances and other receivables	228,177	(441,627)
Prepaid expenses and other assets	(359,013)	111,499
Accounts payable and accrued expenses	503,402	206,800
Net Cash Provided by Operating Activities	6,564,799	10,347,639
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	41,195,499	19,616,514
Proceeds from sale of property, plant, and equipment	51,795	208,395
Purchase of investments	(41,217,519)	(24,425,713)
Purchase of property, plant, and equipment	(4,155,104)	(3,711,239)
Net Cash Used by Investing Activities	(4,125,329)	(8,312,043)
Net Change in Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes	2,439,470	2,035,596
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, Beginning of Year	11,718,476	9,682,880
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, End of Year	\$ 14,157,946	\$ 11,718,476
Cash and cash equivalents and cash in foreign bank accounts/classes consist of the following:		
Cash and cash equivalents	\$ 9,406,237	\$ 9,516,071
Cash in foreign bank accounts/classes	4,751,709	2,202,405
	\$ 14,157,946	\$ 11,718,476
NON-CASH DISCLOSURE:		
Property, plant, and equipment acquired with accounts payable	\$ 708,474	\$ -

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

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, the United Kingdom, Kenya, Uganda, Nigeria, Philippines, Taiwan, and New Zealand. 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 Coporation 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, 2022 and 2021

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 and foreign income and expense are translated at an average rate for the year. Exchange rate gains and losses, as a result of conversion to USD, are included in professional services expenses under administration in the consolidated and combined statements of functional expenses.

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 ninety days. These balances, at times, may exceed federally insured limits. As of August 31, 2022 and 2021, BSF had approximately \$13,300,000 and \$11,700,000 of cash balances on deposit that exceeded federally insured limits, respectively. BSF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

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, 2022 and 2021, 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 three to forty 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.

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.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

BSF produces the annual Leader Event: a day of inspiration and teaching for leaders around the globe. The Leader Event provides a platform to unite, inspire, and mobilize BSF's global leadership team. BSF incurs all costs to produce, host, and deliver the Leader Event in various venues around the world and these costs are included in leadership training program expenses in the accompanying consolidated and combined statement of functional expenses. BSF members and donors contribute to the Leader Event fund to help offset these costs. Any such gifts are considered restricted for the Leader Event.

	<u>Year Ended August 31,</u>	
	<u>2022</u>	<u>2021</u>
Individual contributions restricted for the Leader Event fund	\$ 186,402	\$ 164,914
Less Leader Event expenses	<u>(3,984,322)</u>	<u>(329,653)</u>
	<u>\$ (3,797,920)</u>	<u>\$ (164,739)</u>

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.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2022 and 2021, assets in other countries totaled \$5,289,781 and \$3,091,225, respectively, and liabilities in other countries totaled \$86,938 and \$16,214 respectively. Support and revenue received from foreign sources totaled \$4,031,409 and \$3,566,539 for the years ended August 31, 2022 and 2021, respectively.

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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 9,406,237	\$ 9,516,071
Cash in foreign bank accounts/classes	4,751,709	2,202,405
Investments	29,656,691	31,780,438
Pledges and estate receivables-net	267,942	2,965,426
Area advisor advances and other receivables	761,876	990,053
Beneficial interest in trust agreements	127,253	140,486
Financial assets, at year-end	44,971,708	47,594,879
Less those not available for general expenditure within one year:		
Perpetual endowment	(6,870)	(6,870)
Restrictions by donor with time or purpose restrictions	(441,496)	(419,628)
Beneficial interest in trusts	(127,253)	(140,486)
Board-designated reserves	(15,536,084)	(21,552,498)
	(16,111,703)	(22,119,482)
Financial assets available to meet cash needs for general expenditures within one year	\$ 28,860,005	\$ 25,475,397

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 \$7,511,084 and \$6,918,000 in board-designated funds as of August 31, 2022 and 2021, 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, 2022 and 2021

4. INVESTMENTS:

Investments consist of:

	August 31,	
	2022	2021
Certificates of deposit	\$ 2,726,598	\$ 2,796,193
U.S. Treasury securities	25,863,598	-
Mutual funds	76,621	17,738,548
Common stock	-	1,306,911
Exchange traded funds	-	7,690,144
Real estate investment trusts	532,467	1,816,060
Regulated investment companies	457,407	432,582
	\$ 29,656,691	\$ 31,780,438

Investment (loss) income consists of:

	Year Ended August 31,	
	2022	2021
Net realized and unrealized gains (losses)	\$ (2,145,767)	\$ 2,172,920
Dividend and interest income	670,465	614,979
Investment management expense	(144,217)	(100,406)
	\$ (1,619,519)	\$ 2,687,493

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.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consist of:

	August 31,	
	2022	2021
Land	\$ 1,533,073	\$ 1,533,073
Building and improvements	18,178,373	18,061,967
Software and equipment	13,183,781	7,541,688
Printing equipment	2,729,555	3,161,102
Automobiles	299,401	299,401
Training library books	159,947	159,947
	36,084,130	30,757,178
Less accumulated depreciation	(22,418,250)	(19,549,797)
	13,665,880	11,207,381
Construction in process	3,980,422	4,903,970
	\$ 17,646,302	\$ 16,111,351

6. NET ASSETS:

Net assets consist of:

Net assets without donor restrictions:

	August 31,	
	2022	2021
Undesignated net assets	\$ 44,911,451	\$ 38,147,271
Board-designated net assets:		
Contingency reserves	7,511,084	6,918,000
Capital improvements	-	2,035,380
Building fund	8,000,000	12,598,117
Other	25,000	1,001
	15,536,084	21,552,498
	\$ 60,447,535	\$ 59,699,769

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

6. NET ASSETS, continued:

Net assets consist of, continued:

Net assets with donor restrictions:

The following tables reflect the net asset with donor restrictions activity during the years ended August 31, 2022 and 2021:

	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	-	3,684,319	(3,684,319)	-
	<u>\$ 3,525,540</u>	<u>\$ 4,291,376</u>	<u>\$ (6,980,225)</u>	<u>\$ 836,691</u>
	August 31, 2020	Support and Revenue	Net assets released from restriction	August 31, 2021
Translations/multilingual fund	\$ 1,240,079	\$ 673,753	\$ (1,581,633)	\$ 332,199
Building fund	-	25,369	(25,369)	-
Leader Event fund	-	164,914	(164,914)	-
Pledges and estate receivables	2,216,907	2,057,076	(1,308,557)	2,965,426
Beneficial interest in trust agreements	122,942	17,544	-	140,486
Israel scholarship fund	67,384	20,045	-	87,429
International fund	-	3,350,462	(3,350,462)	-
	<u>\$ 3,647,312</u>	<u>\$ 6,309,163</u>	<u>\$ (6,430,935)</u>	<u>\$ 3,525,540</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

6. NET ASSETS, continued:

Net assets consist of, continued:

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, 2022 and 2021:

	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>
	August 31, 2020	Contributions	Net assets released from restriction or designation	August 31, 2021
Board-designated	\$ 12,206,349	\$ 391,768	\$ -	\$ 12,598,117
With donor restrictions	-	25,369	(25,369)	-
	<u>\$ 12,206,349</u>	<u>\$ 417,137</u>	<u>\$ (25,369)</u>	<u>\$ 12,598,117</u>

Net assets subject to restriction in perpetuity:

	August 31,	
	2022	2021
Endowment	<u>\$ 6,870</u>	<u>\$ 6,870</u>

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.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

7. FAIR VALUE MEASUREMENTS, continued:

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.

The tables below presents the level within the fair value hierarchy at which investments were measured at August 31, 2022 and 2021:

		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	\$ 25,940,219	\$ -	\$ -
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			
Total investments	\$ 29,656,691			
Beneficial interest in trust agreements	\$ 127,253	\$ -	\$ -	\$ 127,253

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

7. FAIR VALUE MEASUREMENTS, continued:

	Total	August 31, 2021		
		Level 1	Level 2	Level 3
Investments:				
Investments at fair value:				
Mutual funds:				
Bond mutual funds	\$ 5,750,527	\$ 5,750,527	\$ -	\$ -
Equity mutual funds	11,988,021	11,988,021	-	-
Common stock	1,306,911	1,306,911	-	-
Exchanged traded funds	7,690,144	7,690,144	-	-
	26,735,603	\$ 26,735,603	\$ -	\$ -
Investments held at net asset value:				
Real estate investment trusts	1,816,060			
Regulated investment companies	432,582			
	2,248,642			
Investments held at cost:				
Certificates of deposit	2,796,193			
	\$ 31,780,438			
Beneficial interest in trust agreements	\$ 140,486	\$ -	\$ -	\$ 140,486

Valuation techniques: Fair values for U.S. Treasury securities, mutual funds, common stock, and exchange traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions. 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.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2022 and 2021

7. FAIR VALUE MEASUREMENTS, continued:

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, 2022 and 2021, 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, 2022 and 2021.

8. 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 \$259,943 and \$307,123, for the years ended August 31, 2022 and 2021, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 1, 2023, 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, 2022 and 2021, and our report thereon March 1, 2023, 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 21-22 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
March 1, 2023

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidating and Combining Statement of Financial Position

August 31, 2022

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Eliminations	Total
ASSETS:						
Cash and cash equivalents	\$ 2,228,234	\$ 72,642	\$ 1,984,931	\$ 5,120,430	\$ -	\$ 9,406,237
Cash in foreign bank accounts/classes	-	-	4,751,709	-	-	4,751,709
Investments	6,841	-	23,524	29,626,326	-	29,656,691
Pledges and estate receivables–net	267,942	-	-	-	-	267,942
Area advisor advances and other receivables	127,838	-	517,904	116,134	-	761,876
Prepaid expenses and other assets	764,646	-	2,133	-	-	766,779
Intercompany receivables	-	-	2,762,478	881,412	(3,643,890)	-
Beneficial interest in trust agreements	127,253	-	-	-	-	127,253
Property, plant, and equipment–net	16,572,879	1,073,423	-	-	-	17,646,302
Total Assets	\$ 20,095,633	\$ 1,146,065	\$ 10,042,679	\$ 35,744,302	\$ (3,643,890)	\$ 63,384,789
LIABILITIES AND NET ASSETS:						
Liabilities:						
Accounts payable and accrued expenses	\$ 1,913,012	\$ 1,400	\$ 177,906	\$ 1,375	\$ -	\$ 2,093,693
Intercompany payables	3,643,890	-	-	-	(3,643,890)	-
Total liabilities	5,556,902	1,400	177,906	1,375	(3,643,890)	2,093,693
Net assets:						
Net assets without donor restrictions:						
Undesignated/board designated	14,082,868	1,144,665	9,477,075	35,742,927	-	60,447,535
Net assets with donor restrictions:						
Restricted by purpose or time	448,993	-	387,698	-	-	836,691
Restricted in perpetuity	6,870	-	-	-	-	6,870
	455,863	-	387,698	-	-	843,561
Total net assets	14,538,731	1,144,665	9,864,773	35,742,927	-	61,291,096
Total Liabilities and Net Assets	\$ 20,095,633	\$ 1,146,065	\$ 10,042,679	\$ 35,744,302	\$ (3,643,890)	\$ 63,384,789

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidating and Combining Statement of Activities

Year Ended August 31, 2022

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Total
SUPPORT AND REVENUE:					
Contributions	\$ 26,497,000	\$ -	\$ 4,031,409	\$ 1,062,652	\$ 31,591,061
Investment (loss) income	(15,481)	11	20,970	(1,625,019)	(1,619,519)
Loss on disposal of property plant and equipment	(43,282)	-	-	-	(43,282)
Miscellaneous income	34,769	-	-	-	34,769
Total Support and Revenue	26,473,006	11	4,052,379	(562,367)	29,963,029
EXPENSES:					
Classes:					
Leadership training	16,984,146	-	564,324	-	17,548,470
Production	2,117,462	-	-	-	2,117,462
Local classes	6,296,425	-	502,415	-	6,798,840
Administration	4,844,791	77,119	514,679	2,751	5,439,340
Total Expenses	30,242,824	77,119	1,581,418	2,751	31,904,112
Change in Net Assets before Intercompany Activity	(3,769,818)	(77,108)	2,470,961	(565,118)	(1,941,083)
Intercompany transfers	(226,497)	-	80,568	145,929	-
Change in Net Assets	(3,996,315)	(77,108)	2,551,529	(419,189)	(1,941,083)
Net Assets, Beginning of Year	18,535,046	1,221,773	7,313,244	36,162,116	63,232,179
Net Assets, End of Year	\$ 14,538,731	\$ 1,144,665	\$ 9,864,773	\$ 35,742,927	\$ 61,291,096