



BIBLE STUDY FELLOWSHIP AND  
SUBSIDIARIES

Consolidated and Combined  
Financial Statements  
With Independent Auditors' Report

August 31, 2016 and 2015

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated and combined financial statements of Bible Study Fellowship and Subsidiaries, which comprise the consolidated and combined statements of financial position as of August 31, 2016 and 2015, and the related consolidated and combined statements of activities, statement of functional expenses, and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements.

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

***Opinion***

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Bible Study Fellowship and Subsidiaries as of August 31, 2016 and 2015, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Dallas, Texas  
January 16, 2017

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Consolidated and Combined Statements of Financial Position

	August 31,	
	2016	2015
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,417,081	\$ 7,626,966
Cash in foreign bank accounts/classes	2,285,315	1,378,576
Investments	14,663,288	11,907,735
Pledges receivable	336,042	476,867
Area advisor advances and other receivables	662,507	416,709
Prepaid expenses and other assets	768,553	335,708
Beneficial interest in trust agreements	116,203	112,806
Property, plant, and equipment–net	9,325,746	9,398,844
<b>Total Assets</b>	<b>\$ 34,574,735</b>	<b>\$ 31,654,211</b>
 <b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 553,935	\$ 553,427
Deferred retreat registration revenue	237,537	-
Pension plan obligation–net	1,247,939	6,814,593
	2,039,411	7,368,020
 Net assets:		
Unrestricted:		
Undesignated	2,678,539	-
Board designated	17,064,746	11,588,738
Equity in property, plant, and equipment–net	9,325,746	9,398,844
	29,069,031	20,987,582
Temporarily restricted	3,459,423	3,291,739
Permanently restricted	6,870	6,870
	32,535,324	24,286,191
<b>Total Liabilities and Net Assets</b>	<b>\$ 34,574,735</b>	<b>\$ 31,654,211</b>

See notes to consolidated and combined financial statements

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

	Year Ended August 31,							
	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Contributions:								
United States	\$ 21,537,918	\$ 1,405,304	\$ -	\$ 22,943,222	\$ 15,873,309	\$ 3,094,491	\$ -	\$ 18,967,800
International	3,446,503	1,899,792	-	5,346,295	2,658,077	1,705,773	-	4,363,850
Leadership training retreats	4,331,294	-	-	4,331,294	-	-	-	-
Investment income (loss)	621,143	-	-	621,143	(261,309)	-	-	(261,309)
Miscellaneous income	37,644	-	-	37,644	45,575	-	-	45,575
Total Support and Revenue	29,974,502	3,305,096	-	33,279,598	18,315,652	4,800,264	-	23,115,916
<b>NET ASSETS RELEASED:</b>								
Purpose restrictions	2,652,728	(2,652,728)	-	-	3,866,026	(3,866,026)	-	-
Time restrictions	484,684	(484,684)	-	-	147,827	(147,827)	-	-
Total Net Assets Released	3,137,412	(3,137,412)	-	-	4,013,853	(4,013,853)	-	-
<b>EXPENSES:</b>								
Classes:								
United States	13,581,026	-	-	13,581,026	13,782,698	-	-	13,782,698
International	3,937,931	-	-	3,937,931	4,072,371	-	-	4,072,371
Leadership training retreats	4,568,140	-	-	4,568,140	-	-	-	-
	22,087,097	-	-	22,087,097	17,855,069	-	-	17,855,069
Administration	2,783,227	-	-	2,783,227	2,616,521	-	-	2,616,521
Total Expenses	24,870,324	-	-	24,870,324	20,471,590	-	-	20,471,590
Change in net assets before pension-related changes	8,241,590	167,684	-	8,409,274	1,857,915	786,411	-	2,644,326
Pension-related changes other than net periodic pension costs	(160,141)	-	-	(160,141)	(524,106)	-	-	(524,106)
Change in Net Assets	8,081,449	167,684	-	8,249,133	1,333,809	786,411	-	2,120,220
Net Assets, Beginning of Year	20,987,582	3,291,739	6,870	24,286,191	19,653,773	2,505,328	6,870	22,165,971
Net Assets, End of Year	\$ 29,069,031	\$ 3,459,423	\$ 6,870	\$ 32,535,324	\$ 20,987,582	\$ 3,291,739	\$ 6,870	\$ 24,286,191

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Consolidated and Combined Statement of Functional Expenses**

Year Ended August 31, 2016

	Leadership Training	Production Expenses	Local Classes	Leadership Training Retreats	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 4,278,551	\$ 1,534,898	\$ -	\$ -	\$ 5,813,449	\$ 1,650,338	\$ 7,463,787
Church facilities	-	-	4,501,372	-	4,501,372	-	4,501,372
Retreat lodging, meals, and other related expenses	362,212	-	-	4,568,140	4,930,352	-	4,930,352
Shipping and printing	-	2,137,774	-	-	2,137,774	-	2,137,774
Area advisors	1,566,042	-	-	-	1,566,042	-	1,566,042
Administrative support	227,130	52,441	212,818	-	492,389	512,086	1,004,475
Facilities	329,843	340,963	-	-	670,806	127,893	798,699
Depreciation	411,103	215,148	-	-	626,251	124,604	750,855
Professional services	179,132	60,477	7,706	-	247,315	204,236	451,551
Travel	346,585	-	-	-	346,585	1,426	348,011
Insurance	84,987	60,951	26,902	-	172,840	132,754	305,594
Screening volunteers	-	-	179,720	-	179,720	-	179,720
Ambassador	-	-	125,141	-	125,141	-	125,141
Children's supplies	-	-	119,950	-	119,950	-	119,950
Food service	115,233	-	-	-	115,233	-	115,233
Miscellaneous	23,751	18,127	-	-	41,878	29,890	71,768
<b>Total Expenses</b>	<b>\$ 7,924,569</b>	<b>\$ 4,420,779</b>	<b>\$ 5,173,609</b>	<b>\$ 4,568,140</b>	<b>\$ 22,087,097</b>	<b>\$ 2,783,227</b>	<b>\$ 24,870,324</b>

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Consolidated and Combined Statement of Functional Expenses**

Year Ended August 31, 2015

	Leadership Training	Production Expenses	Local Classes	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 4,250,683	\$ 1,477,131	\$ -	\$ 5,727,814	\$ 1,548,554	\$ 7,276,368
Church facilities	-	-	3,395,974	3,395,974	-	3,395,974
Shipping and printing	-	2,083,237	-	2,083,237	-	2,083,237
Area advisors	1,453,657	-	-	1,453,657	-	1,453,657
Institute, retreat, and training	1,307,129	-	-	1,307,129	-	1,307,129
Travel	977,865	-	-	977,865	2,090	979,955
Depreciation	445,348	225,161	-	670,509	152,065	822,574
Facilities	335,441	319,538	-	654,979	128,127	783,106
Administrative support	209,831	56,948	108,027	374,806	298,420	673,226
Professional services	135,287	18,521	17,889	171,697	309,103	480,800
Insurance	92,105	66,056	27,820	185,981	149,448	335,429
Screening volunteers	-	-	182,672	182,672	-	182,672
Staff training	77,594	12,993	-	90,587	17,636	108,223
Children's supplies	-	-	106,799	106,799	-	106,799
Food service	45,368	-	-	45,368	-	45,368
Ambassador	-	-	42,837	42,837	-	42,837
Miscellaneous	364,929	18,229	-	383,158	11,078	394,236
<b>Total Expenses</b>	<b>\$ 9,695,237</b>	<b>\$ 4,277,814</b>	<b>\$ 3,882,018</b>	<b>\$ 17,855,069</b>	<b>\$ 2,616,521</b>	<b>\$ 20,471,590</b>

See notes to consolidated and combined financial statements



**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Consolidated and Combined Statements of Cash Flows**

	Year Ended August 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 8,249,133	\$ 2,120,220
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	750,855	822,574
Net realized and unrealized (gains) losses on investments	(82,705)	685,142
Changes in operating assets and liabilities:		
Pledges receivable	137,428	(252,826)
Area advisor advances and other receivables	(245,798)	(30,113)
Prepaid expenses and other assets	(432,845)	22,412
Accounts payable and accrued expenses	508	218,489
Deferred retreat registration revenue	237,537	-
Pension plan obligation-net	(5,566,654)	696,891
Net Cash Provided by Operating Activities	3,047,459	4,282,789
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	9,214,031	4,145,610
Purchase of investments	(11,886,879)	(5,548,423)
Purchase of property, plant, and equipment	(677,757)	(350,754)
Net Cash Used by Investing Activities	(3,350,605)	(1,753,567)
Change in Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes	(303,146)	2,529,222
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, Beginning of Year	9,005,542	6,476,320
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, End of Year	\$ 8,702,396	\$ 9,005,542

See notes to consolidated and combined financial statements

# **BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES**

## **Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

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**

Bible Study Fellowship is the sole-owner of BSF International, LLC, BSF Global Impact Corporation (formerly, BSF International Investment Corporation), and BSF International Properties Corporation. 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, and New Zealand. Activities from all classes operated under the Organization and BSF International, LLC, including those representing these organizations for which the Organization controls and has economic interest, are included in the accounts of these consolidated financial statements to represent the worldwide operations of Bible Study Fellowship. 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 legal and tax laws.

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 non-profit holding company under Section 501(c)(2). During the year ended August 31, 2016, BSF transferred 180 acres of unimproved land to BSF International Properties Corporation for the purpose of holding property title.

Bible Study Fellowship (the Organization) is a not-for-profit corporation conducting in-depth Bible classes in the United States and around the world. BSF currently has more than 1,100 classes in 40 different countries. People of all ages, races, and cultures participate in BSF's Bible classes. Their 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.

# **BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES**

## **Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **PRINCIPLES OF COMBINATION**

The accompanying financial statements include the accounts of BSF International (Australia) Limited, Bible Study Fellowship (Singapore) and Bible Study Fellowship (Canada). These three 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 financial statements.

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 expenses.

#### **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. 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 SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments consist of certificates of deposit with maturities of ninety days or greater, which are reported at cost. Investments also include equity securities and funds, corporate bonds and funds, 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 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, any long-term pledges are not material. Management has recorded an allowance of \$11,994 and \$7,816 as an estimate for uncollectible pledge receivables as of August 31, 2016 and 2015, respectively.

#### 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 in excess of \$1,000 with a useful life of greater than one year are capitalized.

#### NET ASSETS

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

*Unrestricted net assets* 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.

*Temporarily restricted net assets* include donor restricted contributions for various projects and programs. In addition, temporarily restricted net assets also includes time-restricted pledge receivables.

*Permanently restricted net assets* are those with donor restrictions requiring they 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 SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated and combined statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or grantor.

**SUPPORT AND REVENUE, continued:**

Leadership training retreats represent reimbursement for lodging, meals, and transportation, when needed, for both international and domestic leadership retreats. Leadership retreats are held in order to provide in-depth training to class leaders. It's the policy of BSF to request registration fees that only cover the estimated cost of items provided. Donors can also give to the retreat scholarship fund to assist attendees who are unable to reimburse BSF for their portion of the costs. Contributions to the retreat scholarship fund are included in individual contributions on the consolidated and combined statements of activities. If the leadership retreats activity for any given year nets to a positive amount, the surplus is board designated for future leadership retreats. The leadership retreats activity is:

	Year Ended August 31,	
	2016	2015
Retreat registration fees	\$ 4,331,294	\$ -
Individual contributions restricted for the retreat scholarship fund	813,724	-
Less leadership retreat expenses	(4,568,140)	-
	\$ 576,878	\$ -

During the year ended August 31, 2015, BSF did not hold any leadership training retreats. This was due to the organization putting on an institute for all teaching leaders in June 2015. The institute was funded entirely by contributions and no retreat registration fees were collected.

**ALLOCATION OF EXPENSES**

The costs of providing the various program services and supporting activities of BSF have been summarized on a functional basis in the consolidated and combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

### 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, 2016 and 2015, assets in other countries totaled \$2,855,290 and \$1,893,319, respectively, and liabilities in other countries totaled \$50,975 and \$73,009, respectively. Support and revenue received from foreign sources totaled \$4,102,009 and \$3,285,431, for the years ended August 31, 2016 and 2015, respectively.

#### RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform with current year presentation. In addition, approximately \$3 million of temporarily restricted contributions from international sources and related net asset releases were reclassified to unrestricted. This correction had no net effect on unrestricted or temporarily restricted net assets.

#### UNCERTAIN TAX POSITIONS

The consolidated and combined financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated and combined financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated and combined statements of activities. As of August 31, 2016, BSF had no uncertain tax positions that qualify for recognition or disclosure in the consolidated and combined financial statements.

BSF files informational tax returns in the United States and various states. BSF is generally no longer subject to United States federal and state income tax examinations by tax authorities for years before 2012.

#### NEW ACCOUNTING PRONOUNCEMENTS

ASU 2015-07 updated the *Fair Value Measurement* topic of the ASC. The primary change resulting from ASU 2015-07 is updated disclosure requirements for investments valued at net asset value, which removes the requirement to categorize these investments within the fair value hierarchy. ASU 2015-07 is effective for fiscal years after December 15, 2016, with early adoption permitted. BSF has elected to adopt ASU 2015-07 for the year ended August 31, 2016. The consolidated and combined financial statements and disclosures reflect these updates.

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

3. INVESTMENTS:

Investments consist of:

	August 31,	
	2016	2015
Certificates of deposit	\$ 1,673,719	\$ 1,779,122
Corporate bonds and funds	6,900,668	6,041,320
Equity securities and funds	4,282,853	2,097,071
Real estate investment trusts	1,084,303	1,227,463
Regulated investment companies	721,745	762,759
	\$ 14,663,288	\$ 11,907,735

Investment income (loss) consists of:

	Year Ended August 31,	
	2016	2015
Net realized and unrealized gains (losses)	\$ 82,705	\$ (685,142)
Dividend and interest income	538,438	423,833
	\$ 621,143	\$ (261,309)

BSF maintains several investment accounts with different financial institutions holding the security positions listed above. Investment accounts are insured under limited circumstances by the Securities Investor Protection Corporation (SIPC) up to \$500,000, and by other private insurance maintained by the financial institutions for amounts in excess of the SIPC limit. 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.

4. BENEFICIAL INTEREST IN TRUST AGREEMENTS:

Beneficial interest in trust agreements represents irrevocable interests due to BSF in two trusts held by others. The trusts provide for income interests for individuals that will expire at their death. The BSF remainder interest is determined based on the portion of the trust remainder due to BSF and the actuarial life expectancy of the income beneficiaries using a 5% discount rate for present value determination. These contributions, changes in value, and estimated present value amounts are reported as temporarily restricted.

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consist of:

	August 31,	
	2016	2015
Land	\$ 1,533,063	\$ 1,533,063
Building and improvements	15,827,201	15,513,432
Furniture and equipment	2,512,718	2,280,936
Printing equipment	5,263,687	5,239,710
Automobiles	517,974	517,974
Training center equipment	743,821	743,821
Training library books	159,947	159,947
	26,558,411	25,988,883
Less accumulated depreciation	(17,435,793)	(16,686,961)
	9,122,618	9,301,922
Construction in process	203,128	96,922
	\$ 9,325,746	\$ 9,398,844

6. PENSION PLAN:

BSF instituted a defined benefit retirement plan (the Plan) effective July 1, 1980, covering those employees meeting specified eligibility requirements. The Plan has been amended periodically to comply with applicable provisions of the Internal Revenue Code. The Plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with BSF and their compensation rates near retirement. Contributions to the Plan reflect benefits attributed to employees' services to date and also services expected to be earned in the future. The Plan was frozen to new employees effective September 1, 2009. As of August 31, 2016, the employer froze the Plan to cease future benefit accruals.

BSF has elected under the terms of the Plan to discontinue its contributions and terminate the Plan subject to the provisions of ERISA. The termination was adopted by special resolution of the Board of Directors dated May 25, 2016 and made effective July 31, 2016. The Plan Termination Amendment included a provision to eliminate the Plan's current cap of \$25,000 on lump-sum payouts in order to effect distributions to all participants.



# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

When the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for the three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under the Plan's provisions in effect at any time during the five years preceding the Plan's termination.
- b. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC), a United States governmental agency, up to the applicable limitations (discussed below).
- c. All other vested benefits (that is, vested benefits not insured by PBGC).
- d. All non-vested benefits.

Certain benefits under the Plan are insured by PBGC if the Plan terminates. Generally, PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pension. However, PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that PBGC guarantees. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or the Plan's termination (whichever comes later). For younger annuitants, or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide for accumulated benefit obligations, and may also depend on the financial condition of the Plan sponsor and the level of benefits guaranteed by PBGC. It is the intention of the Plan sponsor to fund the Plan for the full amount of accumulated benefit obligations required to ensure all participants receive their benefits either by lump-sum distribution or annuity contract.

A liability representing the unfunded pension benefit obligation has been recognized for the underfunded status of the Bible Study Fellowship Retirement Plan in the amount of \$1,254,945 and \$6,814,593 as of August 31, 2016 and 2015, respectively. This resulted in a decrease of net assets of \$160,141 and \$524,106 for the years ended August 31, 2016 and 2015, respectively, in the accompanying consolidated financial statements.

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

BSF uses August 31 of the current and prior fiscal year as the measurement date and census date for its plan.

BSF's funding policy is to make the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. A minimum required contribution of \$745,324 and \$775,500 was recommended and made by BSF for fiscal years 2016 and 2015, respectively. The total contributions made to the plan for fiscal years 2016 and 2015, was \$6,352,648 and \$872,945, respectively.

The Plan's funded status as amended by the Topic is as follows:

	August 31,	
	2016	2015
Benefit obligation	\$ (15,749,941)	\$ (15,524,003)
Plan assets	14,502,002	8,709,410
Funded status	\$ (1,247,939)	\$ (6,814,593)
Accumulated benefit obligation	\$ 15,749,941	\$ 15,524,003

Items not yet recognized as a component of net periodic pension costs:

	August 31,	
	2016	2015
Net loss	\$ 5,691,294	\$ 5,524,147
Prior service (credit)	-	-
Transition obligation	-	-
Funded status	\$ 5,691,294	\$ 5,524,147

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

The amounts recognized in the consolidated statements of activities are:

Net periodic benefit cost, included in functional expenses:

	Year Ended August 31,	
	2016	2015
Service costs	\$ -	\$ 475,802
Interest costs	678,330	613,366
Expected return on plan assets	(664,456)	(668,583)
Reclassification of net gain or loss	611,979	526,354
Reclassification of net prior service costs	-	98,791
	\$ 625,853	\$ 1,045,730

Other changes in plan assets and benefits obligations recognized  
in changes other than net periodic pension cost in  
unrestricted net assets - net (gain) or loss

	\$ 160,141	\$ 524,106
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Amounts expected to be recognized as a component of net periodic pension cost:

	Year Ended August 31,	
	2016	2015
Net loss	\$ 681,391	\$ 611,980
Prior service (credit)	-	-
Transition obligation	-	-
Funded status	\$ 681,391	\$ 611,980

The following weighted-average assumptions are used in the accounting for the Plan:

	Year Ended August 31,	
	2016	2015
Discount rate:		
Net periodic pension cost	0.00%	4.25%
Benefit obligations	4.50%	4.50%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	4.00%	4.00%

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

The weighted average discount rate was based on the expected rates at which the pension benefits could be effectively settled using Citigroup Pension Liability index as a benchmark, which was 4.00% during the years ended August 31, 2016 and 2015. The rate of salary increase is based on the historical salary increase policies of BSF.

No plan assets are expected to be returned to BSF during 2016.

The Plan's uses appropriate valuation techniques to determine fair value based on inputs available. All plan assets held at fair value as of August 31, 2016 and 2015 were measured using Level 1 inputs. Level 2 or 3 inputs were not used during years ended August 31, 2016 and 2015. The following table displays the fair values of assets measured on a recurring basis:

	August 31,	
	2016	2015
Plan assets held at fair value:		
Mutual funds:		
Fixed income funds	\$ -	\$ 4,316,601
Blended	-	639,442
Value	-	226,824
Growth	-	151,348
Equities:		
Oil and gas	-	115,230
Basic and consumer goods	-	162,214
Financial	-	347,258
Healthcare	-	171,329
Industrial goods	-	108,179
Technology	-	66,674
Services	-	102,384
Telecommunications	-	56,036
Exchange traded funds	-	506,134
Real estate investment trusts	-	114,064
Money market funds	13,783,263	1,004,851
	13,783,263	8,088,568
Plan assets held a net asset value:		
Real estate investment trusts	718,739	620,842
	718,739	620,842
Total Plan Assets	\$ 14,502,002	\$ 8,709,410

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

Changes in valuation techniques: None.

Prior to fiscal year 2016, the Plan used NAV to determine the fair value of real estate investment trusts (REITs) because they (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The real estate investment trusts invest primarily in high-quality retail real estate assets.

Subsequent to fiscal year 2015, the sole real estate investment trust held by the Plan determined the NAV as \$22.50 per share based substantially on the estimated market value of the registrant's portfolio of real estate properties in various geographic locations in the U.S. as of March 31, 2016, which is used for participant's share repurchase program.

BSF's investment strategy is based on the overall investment philosophy to manage plan assets in a prudent, conservative, yet productive manner. Fiduciaries with any discretionary authority to manage plan assets shall seek to increase the value of plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the Plan to meet its obligations to plan participants and their beneficiaries when due. Preservation of capital is of prime importance and within the stated investment objectives for the Plan's assets. Risks, including excessive volatility in the value of plan assets, should be minimized. Plan assets shall be managed to achieve stated objectives over a long-term time horizon.

The permitted range by principal investment category as a percentage of the total value of the Plan's assets shall be as follows:

	From	To
Cash reserves	0%	50%
Equity funds	0%	70%
Fixed income funds (including the liquidity reserve)	10%	75%
Real estate	0%	15%
Managed futures	0%	15%

BSF contributed \$6,352,468 and \$872,945 during the fiscal years ended August 31, 2016 and 2015, respectively. BSF is expected to contribute an estimated \$1,864,992 to the Plan during the year ending August 31, 2017 to fully fund the plan for termination and payment of lump-sum distributions and cost of annuity contracts.

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

6. PENSION PLAN, continued:

Benefits paid from the Plan were \$716,010 and \$692,966 for the years ended August 31, 2016 and 2015, respectively. With the termination of the Plan, benefit payments of \$16,375,000 is expected to be paid during the year ended August 31, 2017.

BSF also 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 \$137,676 and \$46,159, for the years ended August 31, 2016 and 2015, respectively.

7. NET ASSETS:

Net assets consist of:

UNRESTRICTED NET ASSETS:

	August 31,	
	2016	2015
Undesignated net assets	\$ 2,678,539	\$ -
Board designated net assets:		
Contingency reserves	4,844,400	4,510,000
Capital improvements	9,320,704	4,893,500
Pension plan funding	1,864,992	1,000,000
Leadership retreats	715,624	478,087
Defined benefit plan make-up contributions	301,750	688,947
Leadership orientation and other	17,276	18,204
	17,064,746	11,588,738
Equity in property, plant, and equipment—net	9,325,746	9,398,844
	\$ 29,069,031	\$ 20,987,582

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

7. NET ASSETS, continued:  
Net assets consist of, continued:

TEMPORARILY RESTRICTED NET ASSETS:

The following tables reflect the temporarily restricted activity by restriction during the year ended August 31, 2016 and 2015:

	August 31, 2015	Contributions	Net assets released from restriction	August 31, 2016
Translations/multilingual fund	\$ 1,298,353	\$ 1,377,603	\$ (986,292)	\$ 1,689,664
Building fund	823,315	244,324	(291,000)	776,639
Estates and trusts receivable	441,167	111,547	(328,361)	224,353
Retreat scholarship fund	91,918	813,724	(431,610)	474,032
Pledges receivable	148,507	235,709	(156,323)	227,893
Israel scholarship fund	75,000	-	(8,158)	66,842
International fund	-	522,189	(522,189)	-
Revelation fund	413,479	-	(413,479)	-
	<u>\$ 3,291,739</u>	<u>\$ 3,305,096</u>	<u>\$ (3,137,412)</u>	<u>\$ 3,459,423</u>

  

	August 31, 2014	Contributions	Net assets released from restriction	August 31, 2015
Translations/multilingual fund	\$ 1,154,900	\$ 1,340,994	\$ (1,197,541)	\$ 1,298,353
Building fund	208,877	614,438	-	823,315
Estates and trusts receivable	149,911	321,256	(30,000)	441,167
Retreat scholarship fund	-	116,272	(24,354)	91,918
Pledges receivable	111,936	154,398	(117,827)	148,507
Israel scholarship fund	-	75,000	-	75,000
International fund	-	364,779	(364,779)	-
Revelation fund	879,704	1,813,127	(2,279,352)	413,479
	<u>\$ 2,505,328</u>	<u>\$ 4,800,264</u>	<u>\$ (4,013,853)</u>	<u>\$ 3,291,739</u>

# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

7. 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 year ended August 31, 2016:

	August 31, 2015	Contributions	Net assets released from restriction or designation	August 31, 2016
Board designated	\$ 4,893,500	\$ 4,427,204	\$ -	\$ 9,320,704
Temporarily restricted	823,315	244,324	(291,000)	776,639
	<u>\$ 5,716,815</u>	<u>\$ 4,671,528</u>	<u>\$ (291,000)</u>	<u>\$ 10,097,343</u>

**PERMANENTLY RESTRICTED NET ASSETS:**

	August 31,	
	2016	2015
Permanently restricted endowment	\$ 6,870	\$ 6,870



# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

August 31, 2016 and 2015

8. FAIR VALUE MEASUREMENTS:

BSF uses appropriate valuation techniques to determine fair value based on inputs available. When possible, BSF measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The following table displays the fair values of assets measured on a recurring basis as of August 31, 2016 and 2015:

	August 31, 2016	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments:			
Investments at fair value:			
Mutual funds:			
Bond mutual funds:			
Short-term	\$ 3,612,724	\$ 3,612,724	\$ -
Short government	1,622,793	1,622,793	-
Multisector	1,330,228	1,330,228	-
Intermediate-term	235,588	235,588	-
World bond	64,011	64,011	-
Nontraditional	35,324	35,324	-
Equity mutual funds:			
Long/short equity	682,676	682,676	-
Mid blend	632,315	632,315	-
Diversified emerging markets	279,156	279,156	-
Conservative allocation	174,170	174,170	-
Large growth	135,041	135,041	-
Large blend	97,277	97,277	-
Large value	96,091	96,091	-
Moderate allocation	65,679	65,679	-
Mid cap value	36,433	36,433	-
World allocation	25,896	25,896	-
Equities:			
Technology	135,619	135,619	-
Industrial and consumer goods	135,051	135,051	-
Healthcare	95,506	95,506	-
Financial	59,372	59,372	-
Utilities	57,950	57,950	-
Oil and gas	21,881	21,881	-
Services	20,058	20,058	-
Basic materials	19,229	19,229	-

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

8. FAIR VALUE MEASUREMENTS, continued:

	August 31, 2016	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments, continued:			
Investments at fair value, continued:			
Exchanged traded funds	1,513,453	1,513,453	-
	11,183,521	\$ 11,183,521	\$ -
Investments held at net asset value:			
Real estate investment trusts	1,084,303		
Regulated investment companies	721,745		
	1,806,048		
Investments held at cost:			
Certificates of deposit	1,673,719		
Total Investments	\$ 14,663,288		
Beneficial interest in trust agreements	\$ 116,203	\$ -	\$ 116,203

	August 31, 2015	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments:			
Investments at fair value:			
Mutual funds:			
Bond mutual funds:			
Short-term	\$ 1,509,241	\$ 1,509,241	\$ -
Intermediate-term	1,990,179	1,990,179	-
Nontraditional	2,224,951	2,224,951	\$ -

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

8. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
	August 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments, continued:			
Investments at fair value, continued:			
Mutual funds, continued:			
Equity mutual funds:			
Long/short equity	118,083	118,083	-
Mid blend	72,246	72,246	-
Conservative allocation	143,748	143,748	-
Large growth	120,649	120,649	-
Large blend	157,318	157,318	-
Large value	102,617	102,617	-
Moderate allocation	88,731	88,731	-
World allocation	60,023	60,023	-
Bank loan	255,687	255,687	-
Small growth	111,600	111,600	-
Small blend	71,318	71,318	-
Mid growth	70,833	70,833	-
Multisector	61,262	61,262	-
Equities:			
Technology	115,967	115,967	-
Industrial and consumer goods	78,359	78,359	-
Healthcare	53,446	53,446	-
Financial	64,267	64,267	-
Utilities	78,398	78,398	-
Oil and gas	12,379	12,379	-
Services	27,084	27,084	-
Basic materials	89,980	89,980	-

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

8. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements Using:		
August 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	
Investments, continued:			
Investments at fair value, continued:			
Exchanged traded funds	460,025	460,025	-
Real estate investment trusts	266,380	266,380	-
	8,404,771	\$ 8,404,771	\$ -
Investments held at net asset value:			
Real estate investment trusts	961,083		
Regulated investment companies	762,759		
	1,723,842		
Investments held at cost:			
Certificates of deposit	1,779,122		
	\$ 11,907,735		
Beneficial interest in trust agreements	\$ 112,806	\$ -	\$ 112,806

• *Level 1* - Fair values for mutual funds, equities, exchange-trade funds and publicly-traded real estate investment trusts are determined by reference to quoted market prices and other relevant information generated by market transactions.

• *Level 3* - Fair values of beneficial interest in trust agreements is determined by calculating the present value of the receivable over the remaining life expectancy of the grantors, using the published life expectancy tables and discount rates that range from 2.6% - 4.4%. Full disclosures related to Level 3 investments have been omitted based on immateriality.

Change in valuation techniques: None.

# **BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES**

## **Notes to Consolidated and Combined Financial Statements**

August 31, 2016 and 2015

8. 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 financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. As of August 31, 2016 and 2015, 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.

9. COMMITMENTS:

BSF has entered into various hotel agreements for their upcoming retreats which will occur in 2016 through 2018, which is within the typical operations of BSF. These agreements have minimum amounts due in the event of cancellation. The cost of these retreats are covered by participants and BSF has no intention of cancelling these retreats or related agreements. As of August 31, 2016, BSF has financial commitments of approximately \$7,577,800 within these agreements.

BSF has entered into a commitment for a water sewage project at its headquarters. As of the report date the total commitment for this project is approximately \$1,100,000, of which \$22,509 has been incurred and included as construction in progress as of August 31, 2016.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated 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 Subsidiaries  
San Antonio, Texas

We have audited the consolidated and combined financial statements of Bible Study Fellowship and Subsidiaries as of and for the years ended August 31, 2016 and 2015, and our report thereon dated January 16, 2017, 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 28-29 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*

Dallas, Texas  
January 16, 2017

**BIBLE STUDY FELLOWSHIP  
AND SUBSIDIARIES**

**Consolidating and Combining Statement of Financial Position**

August 31, 2016

	BSF/ BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 889,757	\$ 647,682	\$ 4,879,642	\$ 6,417,081
Cash in foreign bank accounts/classes	-	2,285,315	-	2,285,315
Investments	668,310	114,454	13,880,524	14,663,288
Pledges receivable	336,042	-	-	336,042
Area advisor advances and other receivables	98,661	537,772	26,074	662,507
Prepaid expenses and other assets	724,993	43,560	-	768,553
Beneficial interest in trust agreements	116,203	-	-	116,203
Property, plant, and equipment—net	9,321,197	4,549	-	9,325,746
<b>Total Assets</b>	<b>\$ 12,155,163</b>	<b>\$ 3,633,332</b>	<b>\$ 18,786,240</b>	<b>\$ 34,574,735</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 407,376	\$ 146,559	\$ -	\$ 553,935
Deferred retreat registration revenue	237,537	-	-	237,537
Pension plan obligation—net	1,247,939	-	-	1,247,939
	<u>1,892,852</u>	<u>146,559</u>	<u>-</u>	<u>2,039,411</u>
<b>Net assets:</b>				
<b>Unrestricted</b>				
Undesignated/Board designated	(835,515)	1,792,560	18,786,240	19,743,285
Equity in property, plant, and equipment—net	9,321,197	4,549	-	9,325,746
	<u>8,485,682</u>	<u>1,797,109</u>	<u>18,786,240</u>	<u>29,069,031</u>
Temporarily restricted	1,769,759	1,689,664	-	3,459,423
Permanently restricted	6,870	-	-	6,870
	<u>10,262,311</u>	<u>3,486,773</u>	<u>18,786,240</u>	<u>32,535,324</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,155,163</b>	<b>\$ 3,633,332</b>	<b>\$ 18,786,240</b>	<b>\$ 34,574,735</b>



# BIBLE STUDY FELLOWSHIP AND SUBSIDIARIES

## Consolidating and Combining Statement of Activities

Year Ended August 31, 2016

	BSF/ BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 22,777,871	\$ 5,348,295	\$ 165,351	\$ 28,291,517
Leadership training retreats	4,331,294	-	-	4,331,294
Investment income	32,341	14,013	574,789	621,143
Miscellaneous income	39,644	-	-	39,644
Total Support and Revenue	<u>27,181,150</u>	<u>5,362,308</u>	<u>740,140</u>	<u>33,283,598</u>
<b>EXPENSES:</b>				
Classes:				
Leadership training	5,837,118	2,087,451	-	7,924,569
Production	3,729,242	691,537	-	4,420,779
Local classes	4,014,665	1,158,944	-	5,173,609
Leadership training retreats	4,568,140	-	-	4,568,140
Administration	2,304,100	413,553	65,574	2,783,227
Total Expenses	<u>20,453,265</u>	<u>4,351,485</u>	<u>65,574</u>	<u>24,870,324</u>
Change in net assets before intercompany activity and pension-related changes	6,727,885	1,010,823	674,566	8,413,274
Intercompany activity	(3,557,862)	366,201	3,191,661	-
Pension-related changes other than net periodic pension costs	<u>(160,141)</u>	<u>-</u>	<u>-</u>	<u>(160,141)</u>
Change in Net Assets	3,009,882	1,377,024	3,866,227	8,253,133
Net Assets, Beginning of Year	<u>7,252,429</u>	<u>2,113,749</u>	<u>14,920,013</u>	<u>24,286,191</u>
Net Assets, End of Year	<u>\$ 10,262,311</u>	<u>\$ 3,490,773</u>	<u>\$ 18,786,240</u>	<u>\$ 32,539,324</u>