



**BIBLE STUDY FELLOWSHIP AND
AFFILIATES**

Consolidated and Combined
Financial Statements
With Independent Auditors' Report

August 31, 2020 and 2019

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated and Combined Financial Statements	
Consolidated and Combined Statements of Financial Position	3
Consolidated and Combined Statements of Activities	4
Consolidated and Combined Statement of Functional Expenses–2020	5
Consolidated and Combined Statement of Functional Expenses–2019	6
Consolidated and Combined Statements of Cash Flows	7
Notes to Consolidated and Combined Financial Statements	8
Supplementary Information	
Independent Auditors' Report on Supplementary Information	21
Consolidating and Combining Statement of Financial Position–2020	22
Consolidating and Combining Statement of Activities–2020	24

INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, 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.

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 Affiliates
San Antonio, Texas

Opinion

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 31, 2020 and 2019, 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

Grapevine, Texas
January 14, 2021

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statements of Financial Position

	August 31,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 7,970,593	\$ 2,624,461
Cash in foreign bank accounts/classes	1,712,287	2,407,333
Pledges and estate receivables–net	2,216,907	2,647,800
Area advisor advances and other receivables	548,426	605,779
Prepaid expenses and other assets	519,265	527,684
Investments	24,798,319	25,874,420
Beneficial interest in trust agreements	122,942	123,363
Property, plant, and equipment–net	14,301,095	13,836,834
Total Assets	\$ 52,189,834	\$ 48,647,674
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 675,017	\$ 637,526
	675,017	637,526
Net assets:		
Net assets without donor restrictions	47,860,635	43,770,701
Net assets with donor restrictions:		
Restricted by purpose or time	3,647,312	4,232,577
Restricted in perpetuity	6,870	6,870
	3,654,182	4,239,447
	51,514,817	48,010,148
Total Liabilities and Net Assets	\$ 52,189,834	\$ 48,647,674

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statements of Activities

	Year Ended August 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
United States	\$ 23,775,853	\$ 1,683,458	\$ 25,459,311	\$ 21,715,445	\$ 3,140,066	\$ 24,855,511
International	-	3,464,586	3,464,586	2,962,245	1,322,677	4,284,922
Leadership training retreats	-	-	-	564,083	-	564,083
Investment income	1,248,569	-	1,248,569	316,143	-	316,143
Loss on disposal of assets	(1,418,218)	-	(1,418,218)	-	-	-
Miscellaneous income	234,904	-	234,904	19,887	-	19,887
Total Support and Revenue	23,841,108	5,148,044	28,989,152	25,577,803	4,462,743	30,040,546
NET ASSETS RELEASED:						
Purpose restrictions	3,859,889	(3,859,889)	-	2,207,027	(2,207,027)	-
Time restrictions	1,873,420	(1,873,420)	-	442,696	(442,696)	-
Total Net Assets Released	5,733,309	(5,733,309)	-	2,649,723	(2,649,723)	-
EXPENSES:						
Classes:						
United States	19,889,453	-	19,889,453	17,351,278	-	17,351,278
International	1,832,196	-	1,832,196	2,620,179	-	2,620,179
Leadership training retreats	-	-	-	845,834	-	845,834
	21,721,649	-	21,721,649	20,817,291	-	20,817,291
Administration	3,762,834	-	3,762,834	3,666,674	-	3,666,674
Total Expenses	25,484,483	-	25,484,483	24,483,965	-	24,483,965
Change in Net Assets	4,089,934	(585,265)	3,504,669	3,743,561	1,813,020	5,556,581
Net Assets, Beginning of Year	43,770,701	4,239,447	48,010,148	40,027,140	2,426,427	42,453,567
Net Assets, End of Year	\$ 47,860,635	\$ 3,654,182	\$ 51,514,817	\$ 43,770,701	\$ 4,239,447	\$ 48,010,148

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statement of Functional Expenses

Year Ended August 31, 2020

	Leadership Training	Production Expenses	Local Classes	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 7,092,652	\$ 1,144,985	\$ -	\$ 8,237,637	\$ 1,806,085	\$ 10,043,722
Church facilities	-	-	3,505,089	3,505,089	-	3,505,089
Professional services	2,533,498	51,114	-	2,584,612	440,390	3,025,002
Depreciation	1,593,072	242,921	-	1,835,993	175,350	2,011,343
Information technology	1,122,009	201,223	-	1,323,232	312,994	1,636,226
Shipping and printing	-	1,147,685	-	1,147,685	-	1,147,685
Administrative support Facilities	64,507 478,000	887 360,395	539,616 -	605,010 838,395	458,572 161,362	1,063,582 999,757
Area advisor expenses	837,709	-	-	837,709	-	837,709
Insurance	19,448	31,323	-	50,771	333,986	384,757
Screening volunteers	-	-	206,430	206,430	-	206,430
Travel	193,323	241	-	193,564	3,689	197,253
Staff training	100,581	19,041	-	119,622	25,169	144,791
Miscellaneous	78,237	13,495	-	91,732	45,237	136,969
Retreat lodging, meals, and other related expenses	68,237	-	-	68,237	-	68,237
Children's supplies	-	-	75,931	75,931	-	75,931
Total Expenses	\$ 14,181,273	\$ 3,213,310	\$ 4,327,066	\$ 21,721,649	\$ 3,762,834	\$ 25,484,483

See notes to consolidated and combined financial statements

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidated and Combined Statement of Functional Expenses

Year Ended August 31, 2019

	Leadership Training	Production Expenses	Local Classes	Leadership Training Retreats	Total Program Expenses	Administration	Total
Salaries and benefits	\$ 5,138,178	\$ 1,087,448	\$ -	\$ -	\$ 6,225,626	\$ 1,853,533	\$ 8,079,159
Church facilities	-	-	4,108,354	-	4,108,354	-	4,108,354
Shipping and printing	-	2,032,112	-	-	2,032,112	-	2,032,112
Retreat lodging, meals, and other related expenses	1,063,836	-	-	845,834	1,909,670	-	1,909,670
Professional services	1,185,657	29,603	-	-	1,215,260	307,311	1,522,571
Information technology	822,252	183,681	-	-	1,005,933	320,281	1,326,214
Administrative support	73,478	770	536,134	-	610,382	513,940	1,124,322
Facilities	471,371	423,355	-	-	894,726	158,114	1,052,840
Depreciation	588,688	233,119	-	-	821,807	166,165	987,972
Area advisor expenses	976,867	-	-	-	976,867	-	976,867
Travel	457,266	564	-	-	457,830	2,765	460,595
Insurance	18,693	-	28,139	-	46,832	285,518	332,350
Screening volunteers	-	-	259,212	-	259,212	-	259,212
Miscellaneous	111,968	42,368	-	-	154,336	59,047	213,383
Children's supplies	-	-	98,344	-	98,344	-	98,344
Total Expenses	\$ 10,908,254	\$ 4,033,020	\$ 5,030,183	\$ 845,834	\$ 20,817,291	\$ 3,666,674	\$ 24,483,965

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidated and Combined Statements of Cash Flows

	Year Ended August 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,504,669	\$ 5,556,581
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,011,343	987,972
Net realized and unrealized (gains) losses on investments	(579,950)	483,429
Loss on disposal of property, plant, and equipment	1,418,218	5,950
Changes in operating assets and liabilities:		
Pledges and estate receivables	431,314	(1,794,236)
Area advisor advances and other receivables	57,353	140,046
Prepaid expenses and other assets	8,419	479,986
Accounts payable and accrued expenses	37,491	28,261
Deferred registration fees	-	(507,894)
Net Cash Provided by Operating Activities	6,888,857	5,380,095
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	6,632,362	19,457,668
Purchase of investments	(4,976,311)	(24,397,374)
Purchase of property, plant, and equipment	(3,893,822)	(2,744,436)
Net Cash Used by Investing Activities	(2,237,771)	(7,684,142)
Net Change in Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes	4,651,086	(2,304,047)
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, Beginning of Year	5,031,794	7,335,841
Cash and Cash Equivalents and Cash in Foreign Bank Accounts/Classes, End of Year	\$ 9,682,880	\$ 5,031,794

The following table provides a reconciliation of cash and cash equivalents and cash in foreign bank accounts/classed reported within the consolidated and combined statements of cash flows:

	Year Ended August 31,	
	2020	2019
Cash and cash equivalents	\$ 7,970,593	\$ 2,624,461
Cash in foreign bank accounts/classes	1,712,287	2,407,333
	\$ 9,682,880	\$ 5,031,794

See notes to consolidated and combined financial statements

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

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.

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, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

BSF currently operates 1,323 classes plus 4,217 satellite discussion groups where members meet weekly for in-depth Bible study. These classes and groups meet in 37 different countries. In addition, BSF hosts 889 online discussion groups that allow class members in 141 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 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, 2020 and 2019, BSF had approximately \$7,000,000 and \$3,900,000 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, 2020 and 2019

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 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, any long-term pledges are not material. Management has recorded an allowance of \$44,414 and \$20,522, as an estimate for uncollectible pledge receivables as of August 31, 2020 and 2019, 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 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, 2020 and 2019

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.

Leadership training retreats represent registration fees for lodging, meals, and transportation, 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. The leadership retreats activity is:

	Year Ended August 31,	
	2020	2019
Leadership training retreats	\$ -	\$ 564,083
Individual contributions restricted for the retreat scholarship fund	-	16,739
Less leadership retreat expenses	-	(850,580)
	\$ -	\$ (269,758)

Beginning in August 2019, BSF implemented a new training model to replace leadership training retreats. They now produce the annual BSF Summit: a day of inspiration and teaching for leaders around the globe. The BSF Summit provides a new platform to unite, inspire and mobilize BSF's global leadership team in lieu of retreats and area/class workshops. BSF incurs all costs to produce, host and deliver the Summit in various venues around the world. BSF members and donors contribute to the BSF Summit fund to help offset these costs. Any such gifts are considered restricted for the Summit.

	Year Ended August 31,	
	2020	2019
Individual contributions restricted for the Summit fund	\$ 142,225	\$ 846,351
Less BSF Summit expenses	(341,003)	(618,773)
	\$ (198,778)	\$ 227,578

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

The consolidated and combined financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of BSF. These expenses include depreciation, information technology, and facilities operations. Depreciation is allocated based on square footage. Costs of other categories were allocated based on program services and supporting activities benefited.

FOREIGN OPERATIONS

In connection with its foreign operations, BSF has assets and liabilities outside the United States. The account balances relating to foreign operations are reflected in the consolidated and combined financial statements in USD. As of August 31, 2020 and 2019, assets in other countries totaled \$2,373,757 and \$3,207,787, respectively, and liabilities in other countries totaled \$18,769 and \$1,648 respectively. Support and revenue received from foreign sources totaled \$3,010,644 and \$3,798,601 for the years ended August 31, 2020 and 2019, respectively.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958)—*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard as a resource recipient in the current year. Adoption of this standard did not have a material impact on the consolidated and combined financial statements.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

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

	August 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 7,970,593	\$ 2,624,461
Cash in foreign bank accounts/classes	1,712,287	2,407,333
Investments	24,798,319	25,874,420
Pledges and estate receivables-net	2,216,907	2,647,800
Area advisor advances and other receivables	548,426	605,779
Beneficial interest in trust agreements	122,942	123,363
Financial assets, at year-end	37,369,474	34,283,156
Less those not available for general expenditure within one year:		
Perpetual endowment	(6,870)	(6,870)
Restrictions by donor with time or purpose restrictions	(481,867)	(565,781)
Beneficial interest in trusts	(122,942)	(123,363)
Board designated reserves	(20,883,440)	(19,516,024)
	(21,495,119)	(20,212,038)
Financial assets available to meet cash needs for general expenditures within one year	\$ 15,874,355	\$ 14,071,118

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 approximately \$6,913,000 and \$5,535,000 in board designated funds as of August 31, 2020 and 2019, respectively, that are designated as contingency funds and could be used to support general expenditures within one year.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

4. INVESTMENTS:

Investments consist of:

	August 31,	
	2020	2019
Certificates of deposit	\$ 10,488,520	\$ 12,308,043
Mutual funds	6,324,071	7,742,405
Common stock	1,187,398	325,400
Exchange traded funds	5,084,205	3,382,430
Real estate investment trusts	1,300,633	1,479,693
Regulated investment companies	413,492	636,449
	\$ 24,798,319	\$ 25,874,420

Investment income consists of:

	Year Ended August 31,	
	2020	2019
Net realized and unrealized gains (losses)	\$ 579,950	\$ (483,429)
Dividend and interest income	769,999	926,442
Investment management expense	(101,380)	(126,870)
	\$ 1,248,569	\$ 316,143

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, 2020 and 2019

5. PROPERTY, PLANT, AND EQUIPMENT—NET:

Property, plant, and equipment—net consist of:

	August 31,	
	2020	2019
Land	\$ 1,533,073	\$ 1,533,073
Building and improvements	18,014,405	17,900,365
Furniture and equipment	4,976,460	3,856,433
Printing equipment	4,892,430	4,914,308
Automobiles	299,401	299,401
Training library books	159,947	159,947
	29,875,716	28,663,527
Less accumulated depreciation	(19,386,641)	(18,444,107)
	10,489,075	10,219,420
Construction in process	3,812,020	3,617,414
	\$ 14,301,095	\$ 13,836,834

6. NET ASSETS:

Net assets consist of:

Net assets without donor restrictions:

	August 31,	
	2020	2019
Undesignated net assets	\$ 26,977,195	\$ 24,254,677
Board designated net assets:		
Contingency reserves	6,913,000	5,535,000
Capital improvements	1,756,078	2,070,200
Building fund	12,206,349	11,910,780
Other	8,013	44
	20,883,440	19,516,024
	\$ 47,860,635	\$ 43,770,701

Subsequent to August 31, 2020, the board made additional designations of \$1,378,000 for contingency reserves and \$4,309,000 for capital improvements.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

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, 2020 and 2019:

	August 31, 2019	Contributions	Net assets released from restriction	August 31, 2020
Translations/multilingual fund	\$ 1,399,752	\$ 665,923	\$ (825,596)	\$ 1,240,079
Building fund	-	63,833	(63,833)	-
Retreat scholarship fund	-	142,225	(142,225)	-
Pledges and estate receivables	2,647,800	1,442,527	(1,873,420)	2,216,907
Beneficial interest in trust agreements	123,363	(421)	-	122,942
Israel scholarship fund	61,662	5,722	-	67,384
International fund	-	2,828,235	(2,828,235)	-
	<u>\$ 4,232,577</u>	<u>\$ 5,148,044</u>	<u>\$ (5,733,309)</u>	<u>\$ 3,647,312</u>

	August 31, 2018	Contributions	Net assets released from restriction	August 31, 2019
Translations/multilingual fund	\$ 1,374,408	\$ 911,656	\$ (886,312)	\$ 1,399,752
Building fund	-	37,283	(37,283)	-
Retreat scholarship fund	-	863,090	(863,090)	-
Pledges and estate receivables	851,046	2,239,450	(442,696)	2,647,800
Beneficial interest in trust agreements	125,881	(2,518)	-	123,363
Israel scholarship fund	68,222	2,761	(9,321)	61,662
International fund	-	411,021	(411,021)	-
	<u>\$ 2,419,557</u>	<u>\$ 4,462,743</u>	<u>\$ (2,649,723)</u>	<u>\$ 4,232,577</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

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, 2020 and 2019:

	August 31, 2019	Contributions	Net assets released from restriction or designation	August 31, 2020
Board designated	\$ 11,910,780	\$ 295,569	\$ -	\$ 12,206,349
With donor restrictions	-	63,833	(63,833)	-
	\$ 11,910,780	\$ 359,402	\$ (63,833)	\$ 12,206,349
			Net assets released from restriction or designation	
	August 31, 2018	Contributions	Net assets released from restriction or designation	August 31, 2019
Board designated	\$ 6,587,588	\$ 5,323,192	\$ -	\$ 11,910,780
With donor restrictions	-	37,283	(37,283)	-
	\$ 6,587,588	\$ 5,360,475	\$ (37,283)	\$ 11,910,780

Net assets subject to restriction in perpetuity:

	August 31,	
	2020	2019
Endowment	\$ 6,870	\$ 6,870

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

7. 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, 2020 and 2019:

	August 31, 2020	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	\$ 4,466,586	\$ 4,466,586	\$ -
Equity mutual funds	1,857,485	1,857,485	-
	6,324,071	6,324,071	-
Common stock	1,187,398	1,187,398	-
Exchanged traded funds	5,084,205	5,084,205	-
	<u>12,595,674</u>	<u>\$ 12,595,674</u>	<u>\$ -</u>
Investments held at net asset value:			
Real estate investment trusts	1,300,633		
Regulated investment companies	413,492		
	<u>1,714,125</u>		
Investments held at cost:			
Certificates of deposit	<u>10,488,520</u>		
Total investments	<u>\$ 24,798,319</u>		
Beneficial interest in trust agreements	<u>\$ 122,942</u>	<u>\$ -</u>	<u>\$ 122,942</u>

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

7. FAIR VALUE MEASUREMENTS, continued:

	August 31, 2019	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	\$ 6,343,480	\$ 6,343,480	\$ -
Equity mutual funds	1,398,925	1,398,925	-
	<u>7,742,405</u>	<u>7,742,405</u>	-
Common stock	325,400	325,400	-
Exchanged traded funds	3,382,430	3,382,430	-
	<u>11,450,235</u>	<u>\$ 11,450,235</u>	<u>\$ -</u>
Investments held at net asset value:			
Real estate investment trusts	1,479,693		
Regulated investment companies	636,449		
	<u>2,116,142</u>		
Investments held at cost:			
Certificates of deposit	<u>12,308,043</u>		
Total investments	<u>\$ 25,874,420</u>		
Beneficial interest in trust agreements	<u>\$ 123,363</u>	<u>\$ -</u>	<u>\$ 123,363</u>

Change in valuation techniques : None.

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Notes to Consolidated and Combined Financial Statements

August 31, 2020 and 2019

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, 2020 and 2019, 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.

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 \$262,006 and \$181,044, for the years ended August 31, 2020 and 2019, respectively.

9. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated and combined financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 14, 2021, which represents the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year-end, the Organization signed a five-year agreement ending on August 31, 2025, with a vendor for Information Technology consulting services. The agreement can be terminated by either party after two years. Costs are based on hourly rates and expected annual expenses related to this consulting and service agreement and are expected to range from \$1,600,000 (minimum) to \$2,000,000.

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, 2020 and 2019, and our report thereon January 14, 2021, which expresses an unmodified opinion on those consolidated and combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The supplementary information located on pages 22-24 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

Grapevine, Texas
January 14, 2021

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidating and Combining Statement of Financial Position

August 31, 2020

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Eliminations	Total
ASSETS:						
Cash and cash equivalents	\$ 1,696,790	\$ 15,693	\$ 1,181,032	\$ 5,077,078	\$ -	\$ 7,970,593
Cash in foreign bank accounts/classes	-	-	1,712,287	-	-	1,712,287
Investments	401,666	-	243,654	24,152,999	-	24,798,319
Pledges and estate receivables–net	2,216,907	-	-	-	-	2,216,907
Area advisor advances and other receivables	134,942	-	413,484	-	-	548,426
Prepaid expenses and other assets	493,111	-	26,154	-	-	519,265
Intercompany receivables	-	-	1,530,417	101,560	(1,631,977)	-
Beneficial interest in trust agreements	122,942	-	-	-	-	122,942
Property, plant, and equipment–net	13,227,672	1,073,423	-	-	-	14,301,095
Total Assets	\$ 18,294,030	\$ 1,089,116	\$ 5,107,028	\$ 29,331,637	\$ (1,631,977)	\$ 52,189,834
LIABILITIES AND NET ASSETS:						
Liabilities:						
Accounts payable and accrued expenses	\$ 637,772	\$ -	\$ 37,245	\$ -	\$ -	\$ 675,017
Intercompany payables	1,631,977	-	-	-	(1,631,977)	-
	<u>2,269,749</u>	<u>-</u>	<u>37,245</u>	<u>-</u>	<u>(1,631,977)</u>	<u>675,017</u>

**BIBLE STUDY FELLOWSHIP
AND AFFILIATES**

Consolidating and Combining Statement of Financial Position

August 31, 2020

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Eliminations	Total
LIABILITIES AND NET ASSETS, continued:						
Net assets:						
Net assets without donor restrictions:						
Undesignated/board designated	13,610,178	1,089,116	3,829,704	29,331,637	-	47,860,635
Net assets with donor restrictions:						
Restricted by purpose or time	2,407,233	-	1,240,079	-	-	3,647,312
Restricted in perpetuity	6,870	-	-	-	-	6,870
	<u>2,414,103</u>	<u>-</u>	<u>1,240,079</u>	<u>-</u>	<u>-</u>	<u>3,654,182</u>
	<u>16,024,281</u>	<u>1,089,116</u>	<u>5,069,783</u>	<u>29,331,637</u>	<u>-</u>	<u>51,514,817</u>
Total Liabilities and Net Assets	<u>\$ 18,294,030</u>	<u>\$ 1,089,116</u>	<u>\$ 5,107,028</u>	<u>\$ 29,331,637</u>	<u>\$ (1,631,977)</u>	<u>\$ 52,189,834</u>

BIBLE STUDY FELLOWSHIP AND AFFILIATES

Consolidating and Combining Statement of Activities

Year Ended August 31, 2020

	BSF	BSF International Properties Corp.	BSF International	BSF Global Impact Corp.	Total
SUPPORT AND REVENUE:					
Contributions	\$ 24,933,867	\$ -	\$ 3,464,586	\$ 525,444	\$ 28,923,897
Investment income	28,954	2	29,557	1,190,056	1,248,569
Loss on disposal of assets	(1,418,218)	-	-	-	(1,418,218)
Miscellaneous income	234,904	-	-	-	234,904
Total Support and Revenue	23,779,507	2	3,494,143	1,715,500	28,989,152
EXPENSES:					
Classes:					
Leadership training	13,589,456	-	591,817	-	14,181,273
Production	2,925,970	-	287,340	-	3,213,310
Local classes	3,374,027	-	953,039	-	4,327,066
Leadership training retreats	-	-	-	-	-
Administration	2,937,774	77,858	744,602	2,600	3,762,834
Total Expenses	22,827,227	77,858	2,576,798	2,600	25,484,483
Change in net assets before intercompany activity	952,280	(77,856)	917,345	1,712,900	3,504,669
Intercompany transfers	(1,333,000)	83,000	-	1,250,000	-
Change in Net Assets	(380,720)	5,144	917,345	2,962,900	3,504,669
Net Assets, Beginning of Year	16,405,001	1,083,972	4,152,438	26,368,737	48,010,148
Net Assets, End of Year	\$ 16,024,281	\$ 1,089,116	\$ 5,069,783	\$ 29,331,637	\$ 51,514,817