

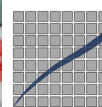


COMMUNITY
BIBLE STUDY

FINANCIAL STATEMENTS

JUNE 30, 2024 & 2023

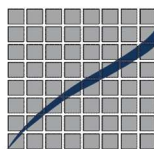
With Independent
Auditors' Report From



BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Bible Study
Colorado Springs, Colorado

We have audited the accompanying financial statements of Community Bible Study ("Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Bible Study as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

BiggsKofford, P.C.

Colorado Springs, Colorado
September 13, 2024

COMMUNITY BIBLE STUDY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
<u>ASSETS</u>		
Cash and equivalents	\$ 6,651,240	\$ 6,899,268
Investments	9,403,165	8,921,939
Accounts receivable	31,829	21,668
Inventory	534,171	408,575
Prepaid expenses and other assets	267,921	206,633
Beneficial interest in life estate	-	705,250
Property and equipment, net	3,464,519	3,487,865
Endowment assets	136,216	128,581
Total assets	<u>\$ 20,489,061</u>	<u>\$ 20,779,779</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 753,486	\$ 635,548
Deferred revenue	1,433,466	1,413,250
Total liabilities	<u>2,186,952</u>	<u>2,048,798</u>
Net assets:		
Without donor restrictions:		
Operating	11,199,459	10,304,827
Equity in property and equipment, net	3,464,519	3,487,865
Board-designated	1,522,732	1,487,517
Total net assets without donor restrictions	16,186,710	15,280,209
With donor restrictions	2,115,399	3,450,772
Total net assets	<u>18,302,109</u>	<u>18,730,981</u>
Total liabilities and net assets	<u>\$ 20,489,061</u>	<u>\$ 20,779,779</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

COMMUNITY BIBLE STUDY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 8,258,171	\$ 1,957,968	\$ 10,216,139
Class registrations	2,769,101	-	2,769,101
Investment income	566,818	-	566,818
Change in value of beneficial interest in life estate	-	95,671	95,671
Other income	87,993	-	87,993
Total support and revenue	11,682,083	2,053,639	13,735,722
<u>RECLASSIFICATIONS</u>			
Net assets released from restrictions	3,389,012	(3,389,012)	-
<u>EXPENSES</u>			
Program services:			
U.S. Bible classes	8,760,199	-	8,760,199
International support	3,876,264	-	3,876,264
Leadership conferences/training	333,863	-	333,863
Other (translations)	14,601	-	14,601
Total program services	12,984,927	-	12,984,927
Supporting activities:			
General and administrative	1,150,853	-	1,150,853
Fundraising	28,814	-	28,814
Total supporting activities	1,179,667	-	1,179,667
Total expenses	14,164,594	-	14,164,594
Change in net assets	906,501	(1,335,373)	(428,872)
Net assets, beginning of year	15,280,209	3,450,772	18,730,981
Net assets, end of year	\$ 16,186,710	\$ 2,115,399	\$ 18,302,109

The accompanying notes and independent auditor's report
should be read with these financial statements.

COMMUNITY BIBLE STUDY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 8,576,526	\$ 3,504,620	\$ 12,081,146
Class registrations	2,530,007	-	2,530,007
Investment income	180,985	-	180,985
Change in value of beneficial interest in life estate	-	360,766	360,766
Other income	106,206	-	106,206
Total support and revenue	11,393,724	3,865,386	15,259,110
<u>RECLASSIFICATIONS</u>			
Net assets released from restrictions	5,132,835	(5,132,835)	-
<u>EXPENSES</u>			
Program services:			
U.S. Bible classes	8,594,120	-	8,594,120
International support	3,441,793	-	3,441,793
Leadership conferences/training	177,979	-	177,979
Other (translations)	136,766	-	136,766
Total program services	12,350,658	-	12,350,658
Supporting activities:			
General and administrative	1,033,844	-	1,033,844
Fundraising	35,020	-	35,020
Total supporting activities	1,068,864	-	1,068,864
Total expenses	13,419,522	-	13,419,522
Change in net assets	3,107,037	(1,267,449)	1,839,588
Net assets, beginning of year	12,173,172	4,718,221	16,891,393
Net assets, end of year	\$ 15,280,209	\$ 3,450,772	\$ 18,730,981

The accompanying notes and independent auditor's report
should be read with these financial statements.

COMMUNITY BIBLE STUDY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Activities		
	U.S. Bible Classes	International Support	Leadership Conference/Training	Other Programs	General and Administrative	Fundraising
Classes	\$ 3,065,109	\$ -	\$ 323,377	\$ -	\$ -	\$ -
Depreciation	178,901	-	-	-	19,878	-
Grants	-	2,329,321	-	14,601	-	-
Occupancy	168,707	-	-	-	18,762	-
Office	745,466	54,292	1,438	-	136,362	548
Professional services	1,790,858	233,771	4,907	-	304,942	2,362
Staff expense	2,514,979	961,913	-	-	615,797	9,716
Travel	296,179	296,967	4,141	-	55,112	16,188
Total expenses	\$ 8,760,199	\$ 3,876,264	\$ 333,863	\$ 14,601	\$ 1,150,853	\$ 28,814
Percentage of totals	61.85%	27.37%	2.36%	0.10%	8.12%	0.20%
						100%

The accompanying notes and independent auditor's report should be read with these financial statements.

COMMUNITY BIBLE STUDY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	U.S. Bible Classes	Program Services			Supporting Activities		
		International Support	Leadership Conference/Training	Other Programs	General and Administrative	Fundraising	Total
Classes	\$ 3,247,106	\$ -	\$ -	-	\$ -	\$ -	\$ 3,247,106
Depreciation	77,719	93,262	18,134	-	69,947	-	259,062
Grants	-	1,902,258	-	136,766	-	20,414	2,059,438
Occupancy	171,225	404	-	-	19,279	-	163,303
Office	797,808	54,213	8,233	-	111,904	548	868,431
Professional services	1,988,646	181,565	4,889	-	294,272	1,834	2,603,086
Staff expense	2,100,136	937,780	-	-	512,668	9,473	3,560,057
Travel	211,480	272,311	146,723	-	25,774	2,751	659,039
Total expenses	\$ 8,594,120	\$ 3,441,793	\$ 177,979	\$ 136,766	\$ 1,033,844	\$ 35,020	\$ 13,419,522
Percentage of totals	64.04%	25.65%	1.33%	1.02%	7.70%	0.26%	100%

The accompanying notes and independent auditor's report should be read with these financial statements.

COMMUNITY BIBLE STUDY

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (428,872)	\$ 1,839,588
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in value of beneficial interest in life estate	(95,671)	(360,766)
Depreciation	198,779	259,062
Loss on disposal of property and equipment	37,745	-
Realized and unrealized loss (gains) on investments	19,200	(2,845)
(Increase) decrease in assets:		
Accounts receivable	(10,161)	(21,668)
Contributions receivable	-	40,000
Prepaid expenses and other assets	(61,288)	(62,796)
Inventory	(125,596)	(8,846)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	117,938	(412,302)
Deferred revenue	20,216	276,187
Net cash flows from operating activities	<u>(327,710)</u>	<u>1,545,614</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(508,061)	(3,933,659)
Purchases of property and equipment	(213,178)	(107,211)
Proceeds from sale of beneficial interest in life estate	800,921	-
Net cash flows from investing activities	<u>79,682</u>	<u>(4,040,870)</u>
Net change in cash and equivalents	(248,028)	(2,495,256)
Cash and equivalents, beginning of year	6,899,268	9,394,524
Cash and equivalents, end of year	<u>\$ 6,651,240</u>	<u>\$ 6,899,268</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Bible Study ("Organization") is a Virginia nonprofit corporation. The Organization's primary programs are:

U.S. Bible Study Classes: Write, edit, print, record (audio and video), teach, and distribute Bible study lesson materials for approximately 73,000 adults and nearly 20,000 children and teens in approximately 588 classes throughout the United States.

International Entity Support: Provide Bible study lesson materials and leadership training to individuals in approximately 110 countries, which have been translated into 88 heart languages for conducting over 37,000 Bible study classes attended by nearly 1,043,000 people internationally.

Leadership Conference/Training: Continue the CBS value of leadership development and training by offering worldwide training for local class leadership and other leaders, both online and in-person, depending on location. This includes monthly online training events for US leaders and distributed on-demand 'live online' trainings for leaders around the world, covering adult, student, children, and InPrison programs, as well as in-person trainings internationally. Additionally, an annual training conference is held for key North American leaders, along with annual training events within the zones to provide support, encouragement, and community for class leaders and shepherds.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains its cash and equivalents in financial institutions that, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times during the year, cash may exceed the federally insured amount. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Investments

Investments having a readily determinable fair value are carried at fair value. Interest and dividends are recorded on the accrual basis. Gains and losses are recognized when incurred and included in the statements of activities. Donated investments are recognized at the estimated fair value on the date of the donation.

Accounts receivable

Accounts receivable are amounts due to the Organization for sales of inventory. As of June 30, 2024 and 2023, management considers accounts receivable to be fully collectable. Accordingly, no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists of books used as curriculum for classes offered by the Organization. Inventory is recorded at the lower of cost or net realizable value using the weighted average method of accounting.

Beneficial interest in life estate

As of June 30, 2023, the beneficial interest in a life estate is an irrevocable agreement for 50% remainderman interest in real estate, which is not trustee by the Organization. The Organization's interest was measured at the estimated appraisal value of the property as of May 2023, net of estimated selling fees. The resulting change, and any increase in the asset, was recorded as contributions with donor restrictions in the statement of activities for the year ended June 30, 2023. During the year ended June 30, 2024, the Organization collected its beneficial interest in the life estate. The transaction resulted in a gain of \$95,671, which was recorded as change in value of beneficial interest in life estate in the accompanying statement of activities for the year ended June 30, 2024.

Property and equipment

All acquisitions of property and equipment in excess of \$5,000 that materially prolong the useful lives of assets are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Building and building improvements	4 - 40 years
Furniture and fixtures	4 - 10 years
Computers and computer equipment	4 - 7 years

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Net assets

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

Revenue recognition

Contributions

In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Class registrations

Class registration income is recorded in the reporting period that the classes are delivered and reduced by discounts. Any amounts received in advance of the annual class startup are recorded as deferred revenue.

Functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. The expenses that are allocated include depreciation and occupancy, which are all allocated based on an estimate of square footage. Costs of all other categories are allocated based on an estimate of time and effort spent.

Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("Code") and is not a private foundation under Section 509(a)(2) of the Code. The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and equivalents	\$ 6,651,240	\$ 6,899,268
Investments	9,403,165	8,921,939
Accounts receivable	31,829	21,668
Beneficial interest in life estate	-	705,250
Endowment assets	<u>136,216</u>	<u>128,581</u>
Total financial assets	16,222,450	16,676,706
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(2,115,399)	(3,450,772)
Board-designated	<u>(1,522,732)</u>	<u>(1,487,517)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,584,319</u>	<u>\$ 11,738,417</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

3. INVESTMENTS AND FAIR VALUE MEASUREMENT

US GAAP defines fair value and establishes a framework for measuring fair value and disclosure regarding fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

US GAAP describes three levels of inputs that may be used to measure fair value:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that are based on inputs not quoted in active markets that can be corroborated by observable market data

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

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Certificates of deposit - Certificates of deposit are considered Level 2, as the value of the funds are estimated using third-party quotations in similar markets.

Government bonds - Government bonds are considered Level 1, as the values of funds are based on quoted market prices in active markets for identical assets or liabilities.

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Fair value of assets measured on a recurring basis is as follows as of June 30,:

	2024		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 4,504,644	\$ 4,504,644
Government bonds	3,389,853	-	3,389,853
Total investments at fair value	<u>\$ 3,389,853</u>	<u>\$ 4,504,644</u>	7,894,497
Money market funds, at cost			<u>1,508,668</u>
Total investments			<u>\$ 9,403,165</u>

	2023		
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 8,921,939	\$ 8,921,939
Total investments at fair value	<u>\$ -</u>	<u>\$ 8,921,939</u>	8,921,939
Money market funds, at cost			<u>-</u>
Total investments			<u>\$ 8,921,939</u>

Total investment income consists of the following for the years ended June 30,:

	2024	2023
Interest and dividends	\$ 586,018	\$ 176,465
Realized and unrealized gains (losses)	<u>(19,200)</u>	<u>4,520</u>
	<u>\$ 566,818</u>	<u>\$ 180,985</u>

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Land	\$ 618,153	\$ 618,153
Building and building improvements	4,486,212	4,421,998
Computers and computer equipment	2,091,541	2,088,185
Furniture and fixtures	151,918	261,239
Construction in progress	<u>-</u>	<u>31,711</u>
	7,347,824	7,421,286
Accumulated depreciation	<u>(3,883,305)</u>	<u>(3,933,421)</u>
Property and equipment, net	<u><u>\$ 3,464,519</u></u>	<u><u>\$ 3,487,865</u></u>

Depreciation expense for the years ended June 30, 2024 and 2023, totaled \$198,779 and \$259,062, respectively.

5. NET ASSETS

Net assets with donor restrictions consist of the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Beneficial interest in life estate	\$ -	\$ 705,250
Class operations	-	985,813
Curriculum	47,800	59,800
Endowment asset - restricted in perpetuity	100,000	100,000
Global translations	50,189	-
International regions	1,459,529	997,204
In-prison program	377,320	372,823
National children's fund / next generation fund	<u>80,561</u>	<u>229,882</u>
Total net assets with donor restrictions	<u><u>\$ 2,115,399</u></u>	<u><u>\$ 3,450,772</u></u>

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Board-designated net assets consist of the following as of June 30,:

	2024	2023
Building reserve	\$ 522,732	\$ 476,976
Contingency reserve	1,000,000	1,000,000
Ezekiel 34 reserve	-	10,541
Total board-designated net assets	<u>\$ 1,522,732</u>	<u>\$ 1,487,517</u>

6. ENDOWMENT ASSETS

The Organization's endowment asset consists of the Transformed Lives Through the Word of God Fund. During 2008, the state of Colorado passed the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Effective September 1, 2008, UPMIFA provides statutory guidance for management, investment and expenditures of endowment funds held by nonprofit organizations.

The Organization has interpreted the state of Colorado's UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year as determined by the board of directors. In establishing this policy, the Organization considers the long-term expected return on the endowment and sets the rate with the objective of maintaining the purchasing power of the endowment over time.

As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net asset composition by type and changes in the endowment asset are as follows for the years ended June 30,:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, July 1, 2022	\$ 26,717	\$ 100,000	\$ 126,717
Contributions	-	-	-
Investment return, net	1,864	-	1,864
Appropriated for expenditure	-	-	-
Endowment assets, June 30, 2023	28,581	100,000	128,581
Contributions	-	-	-
Investment return, net	7,635	-	7,635
Appropriated for expenditure	-	-	-
Endowment assets, June 30, 2024	<u>\$ 36,216</u>	<u>\$ 100,000</u>	<u>\$ 136,216</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2024 and 2023, there were no funds with deficiencies.

See independent auditor's report.

COMMUNITY BIBLE STUDY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

7. RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan ("Plan") covering all eligible employees. Employees may make contributions to the Plan up to the maximum allowed by the Internal Revenue Code and the Organization matches 5.00% of their base compensation. The Organization's contribution to the Plan totaled \$133,153 and \$120,832 for the years ended June 30, 2024 and 2023, respectively.

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See independent auditor's report.