COMMUNITY
BIBLE STUDY

Financial Statements
With Independent Auditors' Report
June 30, 2023

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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 audit.

BiggsKofford, P.C.

Colorado Springs, Colorado
October 24, 2023

COMMUNITY BIBLE STUDY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and equivalents	$ 6,899,268
Certificates of deposit	8,921,939
Accounts receivable	21,668
Prepaid expenses and other assets	206,633
Inventory	408,575
Beneficial interest in life estate	705,250
Property and equipment, net	3,487,865
Endowment assets	128,581
Total assets	$ 20,779,779

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	$ 635,548
Deferred revenue	1,413,250
Total liabilities	2,048,798
Net assets:	
Without donor restrictions:	
Operating	10,276,246
Equity in property and equipment, net	3,487,865
Board-designated	1,487,517
Total net assets without donor restrictions	15,251,628
With donor restrictions	3,479,353
Total net assets	18,730,981
Total liabilities and net assets	$ 20,779,779

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
SUPPORT AND REVENUE			
Contributions	$ 8,547,945	$ 3,533,201	$ 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	11,365,143	3,893,967	15,259,110
RECLASSIFICATIONS			
Net assets released from restrictions	5,132,835	(5,132,835)	-
EXPENSES			
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	3,078,456	(1,238,868)	1,839,588
Net assets, beginning of year	12,173,172	4,718,221	16,891,393
Net assets, end of year	$ 15,251,628	$ 3,479,353	$ 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, 2023

	Program Services				Supporting Services		
	U.S. Bible Classes	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	-	190,908
Office	797,808	54,213	8,233	-	111,904	548	972,706
Professional services	1,988,646	181,565	4,889	-	294,272	1,834	2,471,206
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
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	$ 1,839,588
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Realized and unrealized (gains) and losses on investments	(2,845)
Change in value of beneficial interest in life estate	(360,766)
Depreciation	259,062
(Increase) decrease in assets:	
Accounts receivable	(21,668)
Contributions receivable	40,000
Prepaid expenses and other assets	(62,796)
Inventory	(8,846)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(412,302)
Deferred revenue	276,187
Net cash flows from operating activities	1,545,614

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	(3,933,659)
Purchases of property and equipment	(107,211)
Net cash flows from investing activities	(4,040,870)
Net change in cash and equivalents	(2,495,256)
Cash and equivalents, beginning of year	9,394,524
Cash and equivalents, end of year	$ 6,899,268

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 68,000 adults and nearly 16,000 children and teens in approximately 580 classes throughout the United States.

International Entity Support: Provide Bible study lesson materials and leadership training to individuals worldwide, which have been translated into 82 other languages for conducting Bible study classes attended by nearly 764,000 people internationally.

Leadership Conference/Training: Continue the Organization's value of leadership development and training for local class leadership and other leaders by shifting worldwide training online, including annual online training events for U.S. leaders and distributed on-demand "live online" training for leaders around the world for adult, student, children, and in-prison programs. Additionally, there is an annual in-person training conference held for North American leaders and Zone Gatherings for each class zone to provide additional support, encouragement, and community for class leaders, volunteers, 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").

New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC Topic 842"), which replaces numerous requirements in US GAAP and requires organizations to recognize lease assets and lease liabilities on the statement of financial position. On July 1, 2022, the Organization adopted the requirements of ASC Topic 842 and the amendments related thereto, and applied the new requirements to all contracts using the modified retrospective method. Upon adoption of ASC Topic 842, management determined no material adjustment to net assets was required. Additional disclosures required by ASC Topic 842 are presented within the notes to the financial statements.

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 statement 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.

Certificates of deposit

Certificates of deposit consist of various certificates of deposit with initial maturities of more than three months. All certificates of deposit are carried at cost plus accrued interest.

Accounts receivable

Accounts receivable are unsecured and stated at the amount the Organization expects to collect. The Organization maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. As of June 30, 2023, management considers accounts receivable to be fully collectable. Accordingly, no allowance for doubtful accounts has been recorded.

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 trusteed by the Organization. The Organization's interest is 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, are recorded as contributions with donor restrictions in the statement of activities for the year ended June 30, 2023.

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.

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

Leases

Management determines if an arrangement is a lease at inception of the arrangement. Upon adoption of ASC Topic 842, the Organization elected certain practical expedients permitted under the transition guidance that allowed the Organization not to reassess: (1) whether expired or previously existing contracts are or contain leases, (2) lease classification for expired or previously existing leases, and (3) initial direct costs for expired or previously existing leases.

For leases that do not state or imply an interest rate, the Organization elected a practical expedient to use a risk-free rate based on asset composition.

The Organization elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities.

As of June 30, 2023, the Organization had no material leases with terms exceeding 12 months.

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

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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.

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, 2023:

Financial assets at year end:	
Cash and equivalents	$ 6,899,268
Certificates of deposit	8,921,939
Accounts receivable	21,668
Beneficial interest in life estate	705,250
Total financial assets	16,548,125
Less amounts unavailable for general expenditures within one year due to:	
Net assets with donor restrictions	(3,479,353)
Board-designated	(1,487,517)
Financial assets available to meet cash needs for general expenditures within one year	$ 11,581,255

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.

3. FAIR VALUE MEASUREMENT

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs consist of unadjusted 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 inputs consist of unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The beneficial interest in life estate is reported at fair value based on observable inputs other than quoted prices included in Level 1 and is based on appraisals and market comparisons of similar properties, which is Level 2 of the fair value hierarchy. Endowment assets' fair values for mutual funds are determined by quoted market prices in active markets for identical assets, which is Level 1 of the hierarchy.

See independent auditor's report.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2023:

Building and building improvements	$ 4,421,998
Furniture and fixtures	261,239
Computers and computer equipment	2,088,185
	6,771,422
Accumulated depreciation	(3,933,421)
Total depreciable assets	2,838,001
Land	618,153
Construction in progress	31,711
Property and equipment, net	$ 3,487,865

Depreciation expense for the year ended June 30, 2023 totaled $259,062.

5. LINE OF CREDIT

The Organization has a revolving line of credit with a financial institution in the amount of $300,000. Balances drawn under the line of credit bear interest at the greater of a floating rate equal to the financial institution's prime rate plus 1.00% or the floor rate of 5.00% per annum. The line of credit is collateralized by all inventory and equipment. The line of credit matures on December 30, 2023. As of June 30, 2023, there was no balance outstanding on this line of credit.

6. NET ASSETS

Net assets with board designations consist of the following as of June 30, 2023:

Building reserve	$ 476,976
Contingency reserve	1,000,000
Ezekiel 34 reserve	10,541
Total net assets with board designations	$ 1,487,517

See independent auditor's report.

Net assets with donor restrictions consist of the following as of June 30, 2023:

Class operations	$ 985,813
Curriculum	59,800
Endowments restricted in perpetuity	128,581
International regions	997,204
In-prison program	372,823
National children's fund / next generation fund	229,882
Time restricted: beneficial interest in life estate	705,250
Total net assets with donor restrictions	$ 3,479,353

7. ENDOWMENTS

The Organization's endowment 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, 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

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 year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, June 30, 2022	$ -	$ 126,717	$ 126,717
Contributions	-	-	-
Investment return, net	-	1,864	1,864
Appropriated for expenditure	-	-	-
Endowment assets, June 30, 2023	$ -	$ 128,581	$ 128,581

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, 2023, there were no funds with deficiencies.

8. 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 for the year ended June 30, 2023 totaled $120,832.

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