JONATHAN B TUCKER CPA

THE BIBLE SEMINARY

FINANCIAL STATEMENTS

Year Ended May 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the BOARD OF DIRECTORS of
THE BIBLE SEMINARY

I have audited the accompanying financial statements of THE BIBLE SEMINARY (a nonprofit organization), which comprise the statement of financial position as of MAY 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE BIBLE SEMINARY as of MAY 31, 2014, 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.

Jonathan B Tucker CPA

October 11, 2014

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		MAY 31, 2014
ASSETS		
CASH AND CASH EQUIVALENTS	$	452,392
TUITION AND FEES RECEIVABLE		35,500
PROPERTY AND EQUIPMENT, NET		42,111
OTHER ASSETS		4,602
TOTAL ASSETS		534,605
LIABILITIES		
DEFERRED REVENUE		5,687
TOTAL LIABILITIES		5,687
NET ASSETS		
UNRESTRICTED		527,918
TEMPORARILY RESTRICTED		1,000
TOTAL NET ASSETS		528,918
TOTAL LIABILITIES AND NET ASSETS	$	534,605

YEAR ENDED MAY 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES			
CONTRIBUTIONS AND SUPPORT	$ 361,946	$ 5,685	$ 367,631
TUITION AND FEES	276,853		276,853
OTHER	2,751		2,751
	641,550	5,685	647,235
NET ASSETS RELEASED FROM RESTRICTION			
PROGRAM EXPENDITURES	18,809	(18,809)	-
TOTAL REVENUES	660,359	(13,124)	647,235
EXPENSES			
PROGRAM EXPENSES			
EDUCATION	546,446		546,446
TOTAL PROGRAM EXPENSES	546,446		546,446
MANAGEMENT AND GENERAL	159,303		159,303
FUNDRAISING	93,002		93,002
TOTAL EXPENSES	798,751		798,751
EXCESS OF REVENUES OVER EXPENSES	(138,392)	(13,124)	(151,516)
BEGINNING NET ASSETS	666,310	14,124	680,434
ENDING NET ASSETS	$ 527,918	$ 1,000	$ 528,918

		YEAR ENDED MAY 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
EXCESS OF REVENUES OVER EXPENSES	$	(151,516)
ADJUSTMENTS TO RECONCILE EXCESS OF REVENUE OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION EXPENSE		10,875
TUITION AND FEES RECEIVABLE		(30,137)
DEFERRED REVENUE		(7,131)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(177,909)
CASH FLOWS FROM INVESTING ACTIVITIES		
PROPERTY AND EQUIPMENT, NET		(26,977)
OTHER ASSETS		(1,310)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		(28,287)
NET INCREASE (DECREASE) IN CASH		(206,196)
CASH, BEGINNING OF YEAR		658,588
CASH, END OF YEAR	$	452,392
SUPPLEMENTAL DISCLOSURES		
INCOME TAXES PAID	$	-
INTEREST PAID	$	-

NOTE 1 - NATURE OF ORGANIZATION

THE BIBLE SEMINARY (the Seminary) was founded in 2010 in Katy, Texas as an independent religious educational institution. The Seminary exists to glorify God by training Christian believers in a context of biblical community in all 66 books of the Bible so that they can serve the local church and fulfill the Great Commission by the power of God's Spirit.

The Seminary offers a 32-course, 96-hour Master of Divinity program for professional, vocational ministry training and an 8-course Bible Certificate program for laity. Classes for the Master of Divinity began in fall 2012.

The Seminary is an Affiliate institution of the Association for Biblical Higher Education (ABHE). As such, it participates in and contributes to collegial and professional development activities of the Association. Affiliate status does not, however, constitute, imply, or presume ABHE accredited status at present or in the future.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Seminary is presented to assist in understanding the Seminary's financial statements. The financial statements and notes are the representation of the Seminary's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Basis of accounting

The financial statements have been prepared using the accrual basis of accounting. Consequently, support and revenues and the related assets are recognized when earned and expenses are recognized when a liability is incurred. Accordingly, the financial statements are intended to present assets, liabilities, revenues, expenses and changes in net assets in conformity with accounting principles generally accepted in the United States of America.

Presentation of financial statements

The classification of the Seminary's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Seminary.

Cash and cash equivalents

For purposes of the statements of cash flows, the Seminary considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At May 31, 2014, cash and cash equivalents included only deposits at commercial banks and other financial institutions.

Tuition and fees receivable

Students are billed for tuition and fees by semester. The Seminary considers an account to be past due when tuition and fees have not been paid by the due date. Past due accounts are subject to internal collection efforts but remain classified as active student accounts until graduation.

Property, equipment, and depreciation

Property and equipment are recorded at cost of $1,000 or greater, or, if donated, at fair market value on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives range from 2 to 7 years. Depreciation expense is included in management and general expenses.

Net asset classification

Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Unrestricted net assets include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- Temporarily restricted net assets include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations limiting their use are recognized as restricted support.

Tuition and fees

Tuition and fees are recognized in the period in which the services are provided. Amounts received for future periods are recognized as deferred revenue.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Seminary is a not-for-profit Seminary that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a School described in section 170(b)(1)(A)(ii).

The Seminary's IRS Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after filing.

NOTE 3 - CASH AND CASH EQUIVALENTS

At May 31, 2014, cash and cash equivalents consists of the following:

Seminary operating accounts	$	89,348
Cash held in a denominational fund		250,000
Cash held in a brokerage account		113,044
Total cash and cash equivalents	$	452,392

NOTE 4 - PROPERTY AND EQUIPMENT

At May 31, 2014, property and equipment consists of the following:

Equipment	$	31,857
Furniture and fixtures		18,783
Leasehold improvements		9,440
Total property and equipment		60,080
Accumulated depreciation		(17,969)
Total property and equipment, net	$	42,111
Total depreciation expense at May 31, 2014	$	10,875

NOTE 5 - NET ASSETS TEMPORARILY RESTRICTED

At May 31, 2014, temporarily restricted net assets consist of the following:

Temporarily restricted, purpose (holy land)	$	1,000
Total temporarily restricted net assets	$	1,000

NOTE 6 - OPERATING LEASES

The Seminary rents office and classroom space under separate leases. Total rent expense from the leases for the year ended May 31, 2014 is $54,123.

At May 31, 2014, future minimum operating lease payments are as follows:

Year ending May 31,		
2015	$	56,046
2016		4,671
2017		-
2018		-
Thereafter		-
Total future minimum operating lease payments	$	60,717

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The financial instruments that potentially subject the Seminary to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions, which from time to time could exceed the Federal Depository Insurance Coverage (“FDIC”) limit.

NOTE 8 - DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through October 11, 2014, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that need to be disclosed or would have an impact on reported net assets or change in net assets.