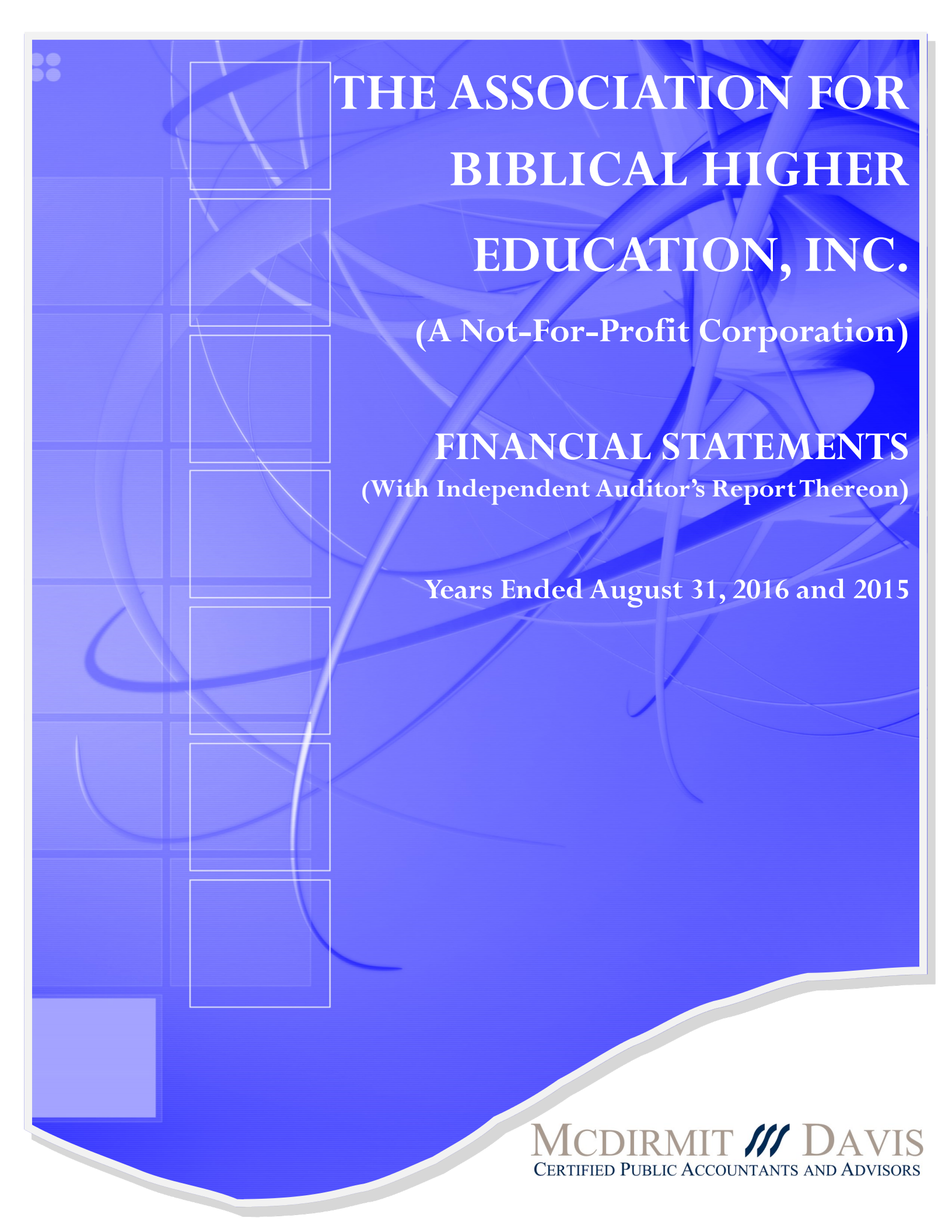




THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.

(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS (With Independent Auditor's Report Thereon)

Years Ended August 31, 2016 and 2015

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses - 2016	5
Statements of functional expenses - 2015	6
Statements of cash flows	7
Notes to Financial Statements	8
Supplemental Schedules	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Association for Biblical Higher Education, Inc.

We have audited the accompanying financial statements of The Association for Biblical Higher Education, Inc. (a nonprofit corporation) (the Association), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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

Our responsibility is to express an opinion on these 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 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, 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Association for Biblical Higher Education, Inc. as of August 31, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

McDiernit Davis & Company, LLC

Orlando, Florida
December 19, 2016

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 324,085	\$ 372,201
Accounts receivable, net	51,310	44,875
Inventory	2,558	5,055
Prepaid expenses	67,966	88,295
Total current assets	445,919	510,426
Property and Equipment, net	102,799	160,262
Intangible Assets	89	564
Other Assets	9,206	9,206
Total assets	<u>\$ 558,013</u>	<u>\$ 680,458</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 102,633	\$ 84,152
Deferred revenue	133,796	179,354
Total current liabilities	236,429	263,506
Deferred Rent Payable	22,162	41,280
Total liabilities	258,591	304,786
Net Assets:		
Unrestricted	229,772	275,509
Temporarily restricted	69,650	100,163
Total net assets	299,422	375,672
Total liabilities and net assets	<u>\$ 558,013</u>	<u>\$ 680,458</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF ACTIVITIES

Years Ended August 31, 2016 and 2015

	Year Ended August 31, 2016			Year Ended August 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets:						
Support and Revenue:						
Membership assessments	\$ 877,810	\$ -	\$ 877,810	768,856	\$ -	\$ 768,856
Evaluation and consultation fees	275,572	-	275,572	231,375	-	231,375
Annual meeting charges	199,250	-	199,250	187,352	-	187,352
Publications and literature sales	5,184	-	5,184	944	-	944
Contributions	35,121	294,567	329,688	82,297	91,869	174,166
Web/IT product, net of related expenses of \$77,175 and \$108,775 respectively	136,980	-	136,980	129,004	-	129,004
Other income, net	8,020	-	8,020	7,767	-	7,767
Net assets released from restrictions	325,080	(325,080)	-	240,835	(240,835)	-
Total Support and Revenue	1,863,017	(30,513)	1,832,504	1,648,430	(148,966)	1,499,464
Expenses:						
Program services	1,510,431	-	1,510,431	1,206,280	-	1,206,280
General and administrative	398,323	-	398,323	456,292	-	456,292
Total Expenses	1,908,754	-	1,908,754	1,662,572	-	1,662,572
Increase (Decrease) in Net Assets	(45,737)	(30,513)	(76,250)	(14,142)	(148,966)	(163,108)
Net Assets - beginning of year	275,509	100,163	375,672	289,651	249,129	538,780
Net Assets - end of year	<u>\$ 229,772</u>	<u>\$ 69,650</u>	<u>\$ 299,422</u>	<u>\$ 275,509</u>	<u>\$ 100,163</u>	<u>\$ 375,672</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES - 2016

Years Ended August 31, 2016 and 2015

	Program Services			General and Administrative			Total
	Association	Commission	Subtotal	Association	Commission	Subtotal	Expenses
Annual Meeting	\$ 140,537	\$ -	\$ 140,537	\$ -	\$ -	\$ -	\$ 140,537
Board/Executive Committee	-	-	-	13,972	-	13,972	13,972
Commission on Accreditation	-	25,898	25,898	-	-	-	25,898
Depreciation and Amortization	29,672	24,342	54,014	5,245	-	5,245	59,259
Dues and Subscriptions	4,207	2,500	6,707	-	-	-	6,707
Equipment Rental	-	-	-	4,243	1,583	5,826	5,826
Health Insurance	66,321	21,617	87,938	13,623	10,639	24,262	112,200
Honoraria	-	1,095	1,095	-	-	-	1,095
Insurance	-	-	-	12,257	-	12,257	12,257
Leadership Development	194,946	-	194,946	-	-	-	194,946
Miscellaneous	62,090	12,409	74,499	14,114	35,232	49,346	123,845
Office Expense	5,172	1,062	6,234	1,887	-	1,887	8,121
Postage and Printing	555	-	555	2,220	932	3,152	3,707
Professional Fees	88,584	2,384	90,968	4,517	-	4,517	95,485
Rent	63,149	44,205	107,354	13,156	11,051	24,207	131,561
Repairs and Maintenance	220	622	842	1,377	1,157	2,534	3,376
Resource Development	-	-	-	4,774	-	4,774	4,774
Salaries and Benefits	466,026	184,105	650,131	142,323	99,134	241,457	891,588
Telephone and Utilities	20,647	9,088	29,735	3,264	1,623	4,887	34,622
Travel	32,842	6,136	38,978	-	-	-	38,978
Total expenses	<u>\$ 1,174,968</u>	<u>\$ 335,463</u>	<u>\$ 1,510,431</u>	<u>\$ 236,972</u>	<u>\$ 161,351</u>	<u>\$ 398,323</u>	<u>\$ 1,908,754</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES - 2015

Years Ended August 31, 2016 and 2015

	Program Services			General and Administrative			Total
	Association	Commission	Subtotal	Association	Commission	Subtotal	Expenses
Annual Meeting	\$ 168,681	\$ -	\$ 168,681	\$ -	\$ -	\$ -	\$ 168,681
Board/Executive Committee	-	-	-	14,624	-	14,624	14,624
Commission on Accreditation	-	20,379	20,379	-	-	-	20,379
Depreciation and Amortization	45,634	-	45,634	11,409	-	11,409	57,043
Dues and Subscriptions	1,275	2,650	3,925	-	-	-	3,925
Equipment Rental	-	-	-	2,943	1,538	4,481	4,481
Health Insurance	51,442	18,713	70,155	27,699	10,077	37,776	107,931
Honoraria	1,657	1,898	3,555	-	-	-	3,555
Insurance	-	-	-	12,909	8,605	21,514	21,514
Leadership Development	248,537	-	248,537	-	-	-	248,537
Miscellaneous	19,916	3,508	23,424	11,120	51,335	62,455	85,879
Office Expense	-	-	-	1,382	921	2,303	2,303
Postage and Printing	-	-	-	5,861	224	6,085	6,085
Professional Fees	-	-	-	10,121	2,000	12,121	12,121
Publication Expense	342	-	342	-	-	-	342
Rent	62,820	42,490	105,310	19,202	7,126	26,328	131,638
Repairs and Maintenance	-	275	275	(1,076)	164	(912)	(637)
Salaries and Benefits	320,504	150,122	470,626	180,503	72,913	253,416	724,042
Telephone and Utilities	12,635	8,468	21,103	3,159	1,533	4,692	25,795
Travel	19,801	4,533	24,334	-	-	-	24,334
Total expenses	<u>\$ 953,244</u>	<u>\$ 253,036</u>	<u>\$ 1,206,280</u>	<u>\$ 299,856</u>	<u>\$ 156,436</u>	<u>\$ 456,292</u>	<u>\$ 1,662,572</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF CASH FLOWS

Years Ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Cash received from members and customers	\$ 1,450,823	\$ 1,362,177
Contributions received	329,688	174,166
Payments to employees and suppliers	<u>(1,827,306)</u>	<u>(1,581,248)</u>
Net Cash Used For Operating Activities	<u>(46,795)</u>	<u>(44,905)</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	<u>(1,321)</u>	<u>(10,434)</u>
Net Cash Used In Investing Activities	<u>(1,321)</u>	<u>(10,434)</u>
Net Decrease in Cash and Cash Equivalents	(48,116)	(55,339)
Cash and Cash Equivalents - beginning of year	<u>372,201</u>	<u>427,540</u>
Cash and Cash Equivalents - end of year	<u><u>\$ 324,085</u></u>	<u><u>\$ 372,201</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided By (Used For) Operating Activities:		
Decrease in net assets	\$ (76,250)	\$ (163,108)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	58,784	56,458
Amortization expense	<u>475</u>	<u>585</u>
Total	(16,991)	(106,065)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(6,435)	52,545
Inventory	2,497	-
Prepaid expenses and other assets	20,329	16,830
Increase (decrease) in:		
Accounts payable and accrued expenses	18,481	21,252
Deferred revenue	(45,558)	(15,666)
Deferred rent payable	<u>(19,118)</u>	<u>(13,801)</u>
Net Cash Used For Operating Activities	<u><u>\$ (46,795)</u></u>	<u><u>\$ (44,905)</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

Years Ended August 31, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies:

Nature of activities - The Association for Biblical Higher Education, Inc. (the Association) was established in 1947. The mission of the Association is to enhance the quality and credibility of postsecondary educational institutions that distinctively engage students in biblical, transformational, experiential, and missional higher education. The Association seeks to fulfill its mission by: (a) articulating biblical higher education's distinctives and communicating the excellence and effectiveness of its members to internal and external stakeholders, including prospective students and parents, donors, students, alumni, faculty, the higher education community, the church, governmental and regulatory entities, and society, (b) providing professional resources and services that exemplify and stimulate excellence among administrators, trustees, faculty, and students at member and affiliate institutions, (c) fostering networking and synergy among member and affiliate institutions and with the broader higher education community, and (d) supporting the work of a separate and independent Commission on Accreditation (the Commission) to assure quality and integrity among biblical higher education institutions and programs through accreditation standards and peer review processes.

The Commission exercises independent authority over accreditation decisions, policies, procedures and peer review processes. Through its *standards* and peer review accreditation process, the Commission is responsible to ensure institutional quality and integrity and to serve as a catalyst toward excellence among institutions in accord with the Association's educational distinctives. The Commission establishes its own annual budget, including a schedule of fees related to its accreditation services. The Association budget includes allocation of fair market value expenses that the Commission pays to the Association for its joint proportional share of Association personnel, services, equipment and facilities.

Basis of presentation - The Association's financial statements have been prepared on the accrual basis of accounting.

The Association's financial statements are prepared in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (FASB ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*.

FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as contributions at fair value at the date the promises are received or made. FASB ASC 658-605 also requires the Association to distinguish between promises received for each net asset category in accordance with donor restrictions, if any.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Years Ended August 31, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued):

Basis of presentation (continued) - Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified as follows:

Unrestricted net assets - Net assets available for the support of the Association's operations. The unrestricted net assets may be used at the discretion of the Association's management and the Board of Directors and are not subject to any donor restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations to be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the earnings on related investments for the general or specific purposes. The Association does not have any donor-imposed permanently restricted net assets.

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed or contractual restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by contract. Expirations of the temporary donor imposed or contractual restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled.

Revenue recognition - Membership assessments are recognized as revenue ratably over the membership period and dues collected, but not yet earned, are recorded as deferred revenue. Annual meeting charges are recognized at the time of the meeting. Revenue from evaluations and consultations are recognized in the period the evaluation or consultation occurred. Revenue from sales of web/IT subscriptions are recognized as revenue ratably over the product period and fees collected, but not yet earned, are recorded as deferred revenue.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Years Ended August 31, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued):

Contributions - Contributions, including unconditional promises (pledges) to give, are recorded when made, which may be when cash is received, unconditionally promised, or ownership of donated assets is transferred. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents - Cash and cash equivalents include demand deposit and money market accounts, certificates of deposit, and other highly liquid investments with an original maturity of three months or less.

Inventory - Inventory consists of miscellaneous promotional items and books written by the president of the Association and sold through the Association's website and conferences. Inventory is valued at the lower of cost or market.

Accounts receivable - Accounts receivable is stated at the amount of the uncollected balance less an allowance for doubtful accounts, if needed. Management's periodic evaluation of the adequacy of the allowance is based on past experience and adverse situations that may affect the member's ability to pay. Receivables are written off when deemed uncollectible. For the years ended August 31, 2016 and 2015, the allowance for doubtful accounts amounted to \$2,769 and \$10,729, respectively.

Property and equipment - Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated fair market value on the date of contribution, less accumulated depreciation. The Association provides for depreciation on property and equipment over the estimated useful lives of the related assets using the straight-line method. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$500 with an estimated useful life of greater than one year. The useful lives of the various classes of assets are as follows:

Leasehold Improvement	15 years
Furniture and Fixtures	7 - 10 years
Office Equipment	5 - 10 years

Amortization - Costs associated with the issuance of the Association's website domain are capitalized and amortized using the straight-line method over the term of the related asset. At August 31, 2016 and 2015, the costs of website domain registration are \$5,000 with accumulated amortization of \$4,911 and \$4,436, respectively. Amortization expense totaled \$475 and \$585 for years ended August 31, 2016 and 2015, respectively.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Years Ended August 31, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued):

Income taxes - The Association is exempt from federal and State income taxes as a Not-for-Profit corporation under Internal Revenue Section 501(c)(3). Income from activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income at statutory corporate tax rates. For the years ended August 31, 2016 and 2015, the Association did not incur any unrelated business income.

The Association has adopted the application of the uncertain tax position provisions of FASB ASC 740, *Income Taxes*. It prescribes an evaluation process for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The provisions related to uncertainty in income taxes were applied to all tax positions upon adoption. This adoption had no impact on the Association's financial statements. As of August 31, 2016, the Association has accrued no interest and penalties related to uncertain tax positions. It is the Association's policy to recognize interest and penalties related to income tax matters in other expense. In general, the Association is no longer subject to examinations by tax authorities for U.S. federal or state income tax returns before fiscal year ended August 31, 2013.

Fair value of financial instruments - FASB ASC 825-10, *Accounting Financial Instruments*, provides guidance on financial instruments with off-balance sheet credit risk. The fair value of the Association's cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued expenses approximates their carrying values due to the short-term maturities of these instruments.

Donated services - Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. No amounts have been reflected in the accompanying financial statements for such services since they do not meet the criteria for recognition under FASB ASC 958-605.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses - The costs of providing the various services the Association offers have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on systematic methods and estimates made by management.

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Years Ended August 31, 2016 and 2015

Note 2 - Property and Equipment:

The following is a summary of property and equipment as of August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Leasehold Improvements	\$ 72,240	\$ 72,240
Furniture and Fixtures	144,588	149,846
Office Equipment	<u>122,120</u>	<u>138,950</u>
	338,948	361,036
Less: accumulated depreciation	<u>(236,149)</u>	<u>(200,774)</u>
Property and Equipment, net	<u><u>\$ 102,799</u></u>	<u><u>\$ 160,262</u></u>

Depreciation totaled \$58,784 and \$56,458 for the years ended August 31, 2016 and 2015, respectively.

Note 3 - Commitments and Contingencies:

Operating leases - Effective August 1, 2010, the Association entered into a lease agreement for certain office space pursuant to an operating lease agreement which expires in 2017. The Association is also obligated under non-cancelable operating leases for various equipment. The Association recognizes rent expense for operating leases with rent escalation clauses on a straight-line basis over the applicable lease term. Deferred rent payable of \$22,162 and \$41,280 represents the difference between the straight-line rent expense and the actual rent paid as of August 31, 2016 and 2015. Total rentals under operating leases amounted to \$126,862 and \$136,119 for the years ended August 31, 2016 and 2015, respectively. The following table presents future minimum lease payments due under operating leases with initial or remaining non-cancelable lease terms in excess of one year at August 31, 2016:

<u>Year Ending August 31,</u>	<u>Amount</u>
2017	\$ 136,404
2018	3,539
2019	3,252
2020	<u>542</u>
	<u><u>\$ 143,737</u></u>

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Years Ended August 31, 2016 and 2015

Note 3 - Commitments and Contingencies (Continued):

Purchases - The Association has contracted with hotels in Florida to hold conferences in 2017, 2018 and 2019. These conferences have minimum commitments for room, food and beverage and cancelation penalties of approximately \$317,000.

The Association has a three year contract with a company for website usage through 2018 with \$5,500 due annually.

Note 4 - Related Party Transactions:

The Association has entered into an agreement with certain employees to share revenues derived from ABHE-solutions software subscriptions. The agreement provides that the Association will receive 100% of the revenues from the software subscriptions and reimburse 35% of the revenue to the employees. For the years ended August 31, 2016 and 2015, such reimbursements amounted to \$77,175 and \$102,433, respectively.

Note 5 - Net Assets:

Temporarily restricted net assets - Temporarily restricted net assets at August 31, 2016 and 2015 are available to support the leadership development fund.

Net assets released from restrictions - Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. For the years ended August 31, 2016 and 2015, temporarily restricted net assets in the amount of \$325,080 and \$240,835, respectively, were released and used for the leadership development fund.

Note 6 - Retirement Plan:

The Association sponsors a defined contribution (money purchase) plan for all full-time employees over age 25 that have completed one year of service. Participation is voluntary; plan contributions for employees other than the President are 5% of salary by the participant, and 5% of salary by the Association. Policy dictates that contributions for the President shall be established by special action of the Executive Committee, currently set at 5% of salary. Contributions are forwarded to TIAA-CREF to be applied as premiums or regular retirement annuity contracts owned by the participants. Total Association contributions to the plan for the years ended August 31, 2016 and 2015 amounted to \$39,016 and \$32,209, respectively.

Note 7 - Subsequent Events:

The Association has evaluated subsequent events through the date of the independent auditor's report, the date which the accompanying financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

COMBINING SCHEDULE - STATEMENT OF FINANCIAL POSITION

August 31, 2016

	<u>Association</u>	<u>Commission</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 84,623	\$ 239,462	\$ -	\$ 324,085
Accounts receivable, net	8,001	43,309	-	51,310
Inventory	2,558	-	-	2,558
Intercompany	-	2,577	(2,577)	-
Prepaid expenses	67,623	343	-	67,966
Total current assets	162,805	285,691	(2,577)	445,919
Property and Equipment, net	102,799	-	-	102,799
Intangible Assets	89	-	-	89
Other Assets	9,206	-	-	9,206
Total assets	<u>\$ 274,899</u>	<u>\$ 285,691</u>	<u>\$ (2,577)</u>	<u>\$ 558,013</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 78,897	\$ 23,736	\$ -	\$ 102,633
Deferred revenue	133,796	-	-	133,796
Intercompany	2,577	-	(2,577)	-
Total current liabilities	215,270	23,736	(2,577)	236,429
Deferred Rent Payable	22,162	-	-	22,162
Total liabilities	<u>237,432</u>	<u>23,736</u>	<u>(2,577)</u>	<u>258,591</u>
Net Assets:				
Unrestricted	(32,183)	261,955	-	229,772
Temporarily restricted	69,650	-	-	69,650
Total net assets	<u>37,467</u>	<u>261,955</u>	<u>-</u>	<u>299,422</u>
Total liabilities and net assets	<u>\$ 274,899</u>	<u>\$ 285,691</u>	<u>\$ (2,577)</u>	<u>\$ 558,013</u>

See Independent Auditor's Report

THE ASSOCIATION FOR BIBLICAL HIGHER EDUCATION, INC.
(A Not-For-Profit Corporation)

COMBINING SCHEDULE - STATEMENT OF ACTIVITIES

Year Ended August 31, 2016

	Association			Commission			Total		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets:									
Support and Revenue:									
Membership assessments	\$ 591,611	\$ -	\$ 591,611	\$ 286,199	\$ -	\$ 286,199	\$ 877,810	\$ -	\$ 877,810
Evaluation and consultation fees	-	-	-	275,572	-	275,572	275,572	-	275,572
Annual meeting charges	199,250	-	199,250	-	-	-	199,250	-	199,250
Publications and literature sales	5,184	-	5,184	-	-	-	5,184	-	5,184
Contributions	35,121	294,567	329,688	-	-	-	35,121	294,567	329,688
Web/IT product, net of related expenses of \$77,175	136,980	-	136,980	-	-	-	136,980	-	136,980
Other income, net	8,020	-	8,020	-	-	-	8,020	-	8,020
Net assets released from restrictions	325,080	(325,080)	-	-	-	-	325,080	(325,080)	-
Total Support and Revenue	1,301,246	(30,513)	1,270,733	561,771	-	561,771	1,863,017	(30,513)	1,832,504
Expenses:									
Program services	1,174,968	-	1,174,968	335,463	-	335,463	1,510,431	-	1,510,431
General and administrative	236,972	-	236,972	161,351	-	161,351	398,323	-	398,323
Total Expenses	1,411,940	-	1,411,940	496,814	-	496,814	1,908,754	-	1,908,754
Increase (Decrease) in Net Assets	(110,694)	(30,513)	(141,207)	64,957	-	64,957	(45,737)	(30,513)	(76,250)
Net Assets - beginning of year	78,511	100,163	178,674	196,998	-	196,998	275,509	100,163	375,672
Net Assets - end of year	<u>\$ (32,183)</u>	<u>\$ 69,650</u>	<u>\$ 37,467</u>	<u>\$ 261,955</u>	<u>\$ -</u>	<u>\$ 261,955</u>	<u>\$ 229,772</u>	<u>\$ 69,650</u>	<u>\$ 299,422</u>

See Independent Auditor's Report