

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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**BUCKNER INTERNATIONAL AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Buckner International and Subsidiaries
Dallas, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Buckner International and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Buckner International and Subsidiaries as of December 31, 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Buckner International and Subsidiaries, 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.

Prior Period Financial Statements

The 2022 consolidated financial statements were audited by other auditors, and their reports thereon, dated May 10, 2023, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Buckner International and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Buckner International and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buckner International and Subsidiaries' 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.

Board of Trustees
Buckner International and Subsidiaries

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024, on our consideration of Buckner International and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckner International and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buckner International and Subsidiaries' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Dallas, Texas
May 10, 2024

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 46,987,074	\$ 43,518,686
Investments	531,238,312	499,565,612
Board of Trustees Designated Funds	10,650,413	18,052,376
Assets Whose Use is Limited	3,597,112	2,449,656
Receivables	10,195,859	11,883,980
Allowance for Credit Losses	(2,013,249)	(757,980)
Pledges and Bequests Receivable, Net	1,719,475	1,712,168
Inventories and Supplies	185,135	186,581
Notes Receivable	7,702,200	7,702,200
Prepaid Expenses	1,042,301	1,133,887
Other Assets	2,527,846	3,153,352
Revenue Bond Proceeds Held by Trustee	11,942,574	11,419,932
Real Estate Held for Investment	592,444	892,254
Property and Equipment, Net	383,698,669	386,830,286
Total Assets	\$ 1,010,066,165	\$ 987,742,990
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 1,844,403	\$ 2,209,536
Accrued Liabilities	8,192,384	7,072,732
Revenue Bonds Payable, Net	281,614,702	285,060,891
Notes Payable	22,653,158	22,989,839
Resident Deposits	2,400,066	2,402,410
Refundable Fees	134,057,307	127,865,374
Deferred Revenue from Advance Fees	17,939,865	18,411,528
Annuity and Life Income Fund Liability	4,304,670	3,980,286
Other Liabilities	4,573,930	5,404,561
Total Liabilities	477,580,485	475,397,157
NET ASSETS		
Without Restrictions	379,211,378	358,056,830
With Restrictions	153,274,302	154,289,003
Total Net Assets	532,485,680	512,345,833
Total Liabilities and Net Assets	\$ 1,010,066,165	\$ 987,742,990

See accompanying Notes to Consolidated Financial Statements.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUE, SUPPORT, AND GAINS						
Client Support and Related Income	\$ 109,684,344	\$ -	\$ 109,684,344	\$ 104,250,531	\$ -	\$ 104,250,531
Investment Income	48,165,807	504,808	48,670,615	49,353,772	1,118,824	50,472,596
Contributions:						
Baptist General Convention of Texas	342,018	-	342,018	394,283	-	394,283
Individual and Business Gifts	10,849,369	5,440,710	16,290,079	11,361,488	2,317,990	13,679,478
Bequests	2,584,476	-	2,584,476	1,413,931	25,000	1,438,931
In-Kind Contributions	3,884,980	-	3,884,980	4,491,064	-	4,491,064
Gain (Loss) on Sales of Real Estate						
Held for Investment	23,693	-	23,693	(167,884)	-	(167,884)
Other	783,266	-	783,266	1,713,941	-	1,713,941
Net Assets Released from Restrictions	2,164,449	(2,164,449)	-	960,144	(960,144)	-
Total Revenue, Support, and Gains	<u>178,482,402</u>	<u>3,781,069</u>	<u>182,263,471</u>	<u>173,771,270</u>	<u>2,501,670</u>	<u>176,272,940</u>
EXPENSES						
Salaries and Benefits	84,564,996	-	84,564,996	78,629,654	-	78,629,654
Supplies and Direct Expenses	33,497,728	-	33,497,728	31,866,964	-	31,866,964
Occupancy and Insurance	23,008,652	-	23,008,652	21,167,721	-	21,167,721
Travel and Transportation	2,198,118	-	2,198,118	1,686,668	-	1,686,668
Administration	12,928,762	-	12,928,762	14,864,426	-	14,864,426
Depreciation	15,027,023	-	15,027,023	14,457,997	-	14,457,997
Interest Expense	16,885,849	-	16,885,849	17,135,168	-	17,135,168
Credit Loss Expense	576,477	-	576,477	524,799	-	524,799
Total Expenses	<u>188,687,605</u>	<u>-</u>	<u>188,687,605</u>	<u>180,333,397</u>	<u>-</u>	<u>180,333,397</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(10,205,203)	3,781,069	(6,424,134)	(6,562,127)	2,501,670	(4,060,457)
NONOPERATING ITEMS						
Net Realized and Unrealized Gains (Losses)						
on Investments	30,300,055	(4,551,470)	25,748,585	(30,231,529)	(3,140,137)	(33,371,666)
Other, Net	1,059,696	(244,300)	815,396	1,293,754	14,626	1,308,380
Total Nonoperating Items	<u>31,359,751</u>	<u>(4,795,770)</u>	<u>26,563,981</u>	<u>(28,937,775)</u>	<u>(3,125,511)</u>	<u>(32,063,286)</u>
CHANGE IN NET ASSETS	21,154,548	(1,014,701)	20,139,847	(35,499,902)	(623,841)	(36,123,743)
Net Assets - Beginning of Year	<u>358,056,830</u>	<u>154,289,003</u>	<u>512,345,833</u>	<u>393,556,732</u>	<u>154,912,844</u>	<u>548,469,576</u>
NET ASSETS - END OF YEAR	<u>\$ 379,211,378</u>	<u>\$ 153,274,302</u>	<u>\$ 532,485,680</u>	<u>\$ 358,056,830</u>	<u>\$ 154,289,003</u>	<u>\$ 512,345,833</u>

See accompanying Notes to Consolidated Financial Statements.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Ministry Activities						Total Ministry Activities	Supporting Activities		Total Supporting Activities	Total Expenses
	Foster Care and Adoption	Family Hope Centers	Family Pathways	Ministry Engagement	International Ministries	Senior Care Services		General and Administration	Fundraising		
Salaries and Benefits	\$ 6,068,011	\$ 6,956,605	\$ 2,074,276	\$ 2,965,115	\$ 553,191	\$ 51,129,542	\$ 69,746,740	\$ 12,234,514	\$ 2,583,742	\$ 14,818,256	\$ 84,564,996
Supplies and Direct Expenses	3,397,242	1,226,298	848,643	4,561,020	4,063,082	19,282,518	33,378,803	69,696	49,229	118,925	33,497,728
Occupancy and Insurance	1,185,990	1,665,111	1,207,465	743,703	270,603	15,047,303	20,120,175	2,415,213	473,264	2,888,477	23,008,652
Travel and Transportation	329,656	389,473	90,313	261,125	41,527	469,219	1,581,313	470,270	146,535	616,805	2,198,118
Administration	484,677	655,104	261,305	1,020,804	419,157	4,430,476	7,271,523	3,758,823	1,898,416	5,657,239	12,928,762
Depreciation	113,688	674,810	970,476	407,863	-	12,636,285	14,803,122	223,901	-	223,901	15,027,023
Interest Expense	-	-	-	-	-	16,594,949	16,594,949	290,900	-	290,900	16,885,849
Credit Loss Expense	-	-	-	-	-	576,477	576,477	-	-	-	576,477
Total Expenses	\$ 11,579,264	\$ 11,567,401	\$ 5,452,478	\$ 9,959,630	\$ 5,347,560	\$ 120,166,769	\$ 164,073,102	\$ 19,463,317	\$ 5,151,186	\$ 24,614,503	\$ 188,687,605

See accompanying Notes to Consolidated Financial Statements.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Ministry Activities						Total Ministry Activities	Supporting Activities		Total Supporting Activities	Total Expenses
	Foster Care and Adoption	Family Hope Centers	Family Pathways	Ministry Engagement	International Ministries	Senior Care Services		General and Administration	Fundraising		
Salaries and Benefits	\$ 5,870,049	\$ 6,301,212	\$ 2,348,501	\$ 2,456,003	\$ 494,085	\$ 48,285,198	\$ 65,755,048	\$ 10,525,820	\$ 2,348,786	\$ 12,874,606	\$ 78,629,654
Supplies and Direct Expenses	3,700,758	979,491	826,756	3,598,810	3,556,741	17,306,383	29,968,939	45,457	1,852,568	1,898,025	31,866,964
Occupancy and Insurance	1,160,102	1,455,990	1,063,563	761,139	202,700	14,234,078	18,877,572	2,201,375	88,774	2,290,149	21,167,721
Travel and Transportation	300,047	293,459	72,011	178,014	19,871	442,068	1,305,470	282,075	99,123	381,198	1,686,668
Administration	443,437	474,346	257,610	781,599	155,074	8,053,058	10,165,124	3,399,091	1,300,211	4,699,302	14,864,426
Depreciation	117,823	629,971	877,576	265,544	-	12,347,298	14,238,212	219,785	-	219,785	14,457,997
Interest Expense	-	-	-	-	-	16,885,294	16,885,294	249,821	53	249,874	17,135,168
Credit Loss Expense	-	-	-	-	-	524,799	524,799	-	-	-	524,799
Total Expenses	\$ 11,592,216	\$ 10,134,469	\$ 5,446,017	\$ 8,041,109	\$ 4,428,471	\$ 118,078,176	\$ 157,720,458	\$ 16,923,424	\$ 5,689,515	\$ 22,612,939	\$ 180,333,397

See accompanying Notes to Consolidated Financial Statements.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 20,139,847	\$ (36,123,743)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,027,023	14,457,997
Credit Loss Expense	2,273,254	524,799
Donated Land Included in Contributions	(564,186)	(300,310)
Amortization of Deferred Revenue from Advance Fees	(3,025,830)	(2,842,556)
Accretion Expense and ARO Revisions	33,265	38,837
(Gain) Loss on Sales of Real Estate Held for Investment	(23,693)	167,884
Gain on Sale or Disposal of Facility Assets	(2,340,882)	(1,308,381)
Net Realized and Unrealized (Gains) Losses on Investments	(26,073,341)	34,502,259
Changes in Operating Assets and Liabilities:		
Assets Whose Use is Limited	112,194	3,830,286
Receivables	662,829	(4,029,034)
Inventories and Supplies	1,446	35,420
Prepaid Expenses	91,586	(534,864)
Other Assets	625,506	462,285
Accounts Payable	(365,133)	396,780
Accrued Liabilities	1,119,652	(2,613,523)
Resident Deposits	(2,344)	100,969
Refundable Fees	6,191,933	11,517,653
Deferred Revenue from Advance Fees	1,994,724	3,097,682
Annuity and Life Income Fund Liability	324,384	(1,140,072)
Other Liabilities	(863,896)	608,045
Net Cash Provided by Operating Activities	15,338,338	20,848,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(9,554,524)	(7,356,858)
Decrease in Revenue Bond Proceeds Held by Trustee	54,710	(29,158)
Purchases of Investments	(46,949,040)	(21,480,417)
Proceeds on Sales or Redemptions of Investments	48,116,806	10,381,802
Proceeds from Sale of Property and Equipment	-	421,767
Proceeds from Sales of Real Estate Held for Investment	887,689	646,903
Net Cash Used by Investing Activities	(7,444,359)	(17,415,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Revenue Bonds Payable and Short-Term Notes Payable	(3,223,427)	(10,634,312)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,670,552	(7,201,860)
Cash and Cash Equivalents - Beginning of Year	46,130,709	53,332,569
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 50,801,261	\$ 46,130,709
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 46,987,074	\$ 43,518,686
Restricted Cash Included in Assets Whose Use is Limited	3,597,107	2,449,652
Restricted Cash Included in Revenue Bond Proceeds Held by Trustee	217,080	162,371
Total Cash and Cash Equivalents	\$ 50,801,261	\$ 46,130,709
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 16,748,947	\$ 16,975,302

See accompanying Notes to Consolidated Financial Statements.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

Buckner International (Buckner) is a Texas nonprofit corporation that has been caring for families, needy children, and the elderly since 1879. One-fourth of Buckner's board of trustees is elected by the Baptist General Convention of Texas with the remaining three-fourths appointed by Buckner's board of trustees.

Buckner consolidates the following nonprofit corporations:

- Buckner International
- Buckner Children and Family Services, Inc., which includes subsidiaries Rio Grande Children's Home and Rio Grande Children's Home Foundation Inc. (collectively BCFS)
- Buckner Retirement Services, Inc., which includes subsidiaries Baptist Memorials Ministries (BMM) and Buckner Senior Living, Inc. (BSL) (collectively BRS)
- Buckner Foundation, Inc. (Foundation)
- Buckner FHC-Bachman Lake (BBL)

The board of trustees of Buckner International serve as directors of BCFS, BRS, and the Foundation. The majority of the board of directors of BBL are appointed by the board of directors of BCFS, with the remaining independent directors elected by majority vote of the incumbent directors. Buckner International and the related corporations are exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code (IRC).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Buckner presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958-205, Buckner is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Restrictions – Net assets that are not subject to donor-imposed stipulations. Restricted contributions received and released in the current year will be reported as activity within net asset without restrictions.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Restrictions – Net assets with restrictions include net assets subject to donor-imposed stipulations that may or will be met by actions of Buckner and/or the passage of time to be used generally for capital expenditures and program support. In 2023 and 2022, these assets are made up of a portion of cash and cash equivalents, investments, and pledges and bequests receivable. Net assets with restrictions also include net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be retained permanently. Generally, the donors of these assets permit Buckner to use all or part of the income earned on related investments for general or specific purposes, including program support.

Revenues are reported as increases in net assets without restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with restriction (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period when unconditional promises to give are received. Bequests are recognized when the court declares the will valid and the amount is reasonably estimable. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset with restriction class, and a reclassification to net assets without restriction is made to reflect the expiration of such restrictions. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. There was no allowance for uncollectible contributions at December 31, 2023 and 2022.

Income and investment gains and losses of endowment and similar funds are reported as follows:

- As increases (decreases) in net assets with restriction if the terms of the gift require that they be included in the principal of a permanent endowment fund;
- As increases (decreases) in net assets with restriction if the terms of the gift impose restrictions on their use;
- As increases (decreases) in net assets without restriction in all other cases.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less. The carrying value of such instruments approximates fair value. Buckner places its cash, cash equivalents, and investments, which at times may exceed federally insured limits, with high credit quality financial institutions. Buckner has not experienced any losses on such accounts.

Investments

Investments in marketable securities are recorded at fair value based on quoted market prices when there is a readily available market price. Investment in real estate is held for sale and stated at the lower of cost or fair value. Net realized and unrealized gains (losses) in fair value of investments are reflected in the consolidated statements of activities.

Assets Whose Use is Limited

Assets Whose Use is Limited on the consolidated statements of financial position includes cash restricted for debt service payments for revenue bonds payable, funds held for new markets tax program, and refundable deposits held to reserve units at Buckner Senior Living. Revenue Bond Proceeds Held by Trustee on the consolidated statements of financial position include cash restricted for retirement of short-term and long-term debt. These amounts are presented as restricted cash and are included in the consolidated statements of cash flows.

Receivables and Notes Receivable

Receivables are primarily due from clients served and from government agencies.

Inventories and Supplies

Inventories and supplies are recorded at cost.

Property and Equipment

Property and equipment are carried at cost, if purchased. Donated property is recorded at fair market value at the donation date. Repairs and maintenance costs are expensed in the period incurred. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Useful lives range from five to forty years. Buckner capitalizes items in excess of \$5,000 with a useful life of at least one year.

Bond Issuance Costs

Bond issuance costs are amortized over a period of thirty years consistent with the life of the bonds with a method which approximates the effective interest method. Bond issuance costs are reported in the 2023 and 2022 consolidated statements of financial position as direct deductions from the carrying amount of the related debt liability. Amortization of bond issuance costs after construction is complete is included within administration expense in the consolidated statements of activities.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-interest Agreements

Charitable remainder annuity trusts are recorded at fair value when received based on the present value of expected payments to be made under the agreement.

Asset Retirement Obligations

Asset retirement obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability.

Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, Buckner records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. Buckner derecognizes ARO liabilities when the related obligations are settled.

Deferred Revenue

The right to occupy various living units is granted under life tenancy agreements under which the tenants pay a certain sum (entrance fee) which entitles them to live in the unit for life. Under this plan, upon death of, or termination by, the tenant and upon re-occupancy of the unit, the tenant or their estate receives a refund of the appropriate percent of the original entrance fee paid. The nonrefundable portion of the entrance fee is recognized as revenue over the actuarial life expectancy of the resident. The refundable portion is recognized as a liability shown as refundable fees. BSL offers life tenancy agreements under three separate plans, with refundable amounts of 0%, 50%, or 90%. A refundable entrance fee plan is offered at four of the five remaining communities for select units with refundable amounts ranging from 80% to 90%.

Obligation to Provide Future Services

BSL offers Life Care contracts that provide residents access to health care and services at set rates for as long as the contract is in place. In 2023, an independent actuary engaged by BSL calculated the present value of the net cost of future services and use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future service and use of facilities) with the corresponding charge to income. As of December 31, 2023, BSL did not have an estimated obligation to provide future services.

Revenues

Client support and related income is recognized at the time services are rendered and is reported at the estimated realizable amounts from residents, third-party payors, and others as services are rendered. Revenue under third-party payor arrangements (Medicaid and Medicare) is subject to audit and retroactive adjustment. Provisions for third-party payor settlements are provided in the period the related services are rendered. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Investment income is recognized at the time it is earned.

Contributions are recognized at their fair values at the time gifts are received or unconditional promises to give are made. Grant revenues are recognized at the time grant requirements are met.

Advertising

Buckner expenses the costs of advertising as incurred, except the costs for direct-response advertising, which are capitalized and amortized over the expected period of future benefits.

Expenses incurred related to advertising activities were \$2,650,961 and \$3,639,565 for the years ended December 31, 2023 and 2022, respectively, and are included in administration expense on the accompanying consolidated statements of activities.

Change in Net Assets from Operations

Operations of Buckner include children and family services, retirement services, and international orphan care services. Buckner includes investment income and gains and losses on sales of real estate held for investment in the change in net assets from operations. Buckner excludes gains and losses on the disposal of property and equipment and realized and unrealized gains and losses on investments from the change in net assets from operations.

Use of Estimates

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

Recent Accounting Pronouncements

Buckner has adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. Buckner adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on Buckner's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

The date to which events occurring after December 31, 2023, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is May 10, 2024, the date these consolidated financial statements were available to be issued (see Note 23).

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 INVESTMENTS

Investments include amounts on the statement of financial position presented as Investments and board of trustees designated funds. Investments consist of the following:

	<u>2023</u>	<u>2022</u>
HighGround Endowment Fund	\$ 175,882,178	\$ 148,407,884
Equity Securities - Domestic	47,197,380	46,029,334
Equity Securities - International	10,978,236	11,482,252
Corporate Bonds	24,990,902	26,611,625
U.S. Government Agencies	2,521,546	2,740,126
Money Market Funds	11,434,874	11,792,697
Bond Mutual Funds	35,919,403	42,534,285
Mineral Interests	199,370,987	198,800,438
Other	33,593,219	29,219,347
Total	<u>\$ 541,888,725</u>	<u>\$ 517,617,988</u>

The following summarizes investment return:

	<u>2023</u>	<u>2022</u>
Operating:		
Dividend and Interest Income	\$ 48,670,615	\$ 50,472,596
Nonoperating:		
Net Realized and Unrealized		
Gain (Loss) on Investments	25,748,585	(33,371,666)
Total	<u>\$ 74,419,200</u>	<u>\$ 17,100,930</u>

NOTE 4 RECEIVABLES

Accounts receivable are reported net of an allowance for credit losses to represent Buckner's estimate of expected losses at the balance sheet date. The adequacy of Buckner's allowance for credit losses is reviewed on an ongoing basis, using historical trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Changes in the allowance for credit losses for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Allowance for Credit Losses		
Balance, Beginning of Year	\$ 757,980	\$ 622,000
Provision for Losses	2,273,254	524,799
Amounts Written Off	(1,017,985)	(388,819)
Balance, End of Year	<u>\$ 2,013,249</u>	<u>\$ 757,980</u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 PLEDGES AND BEQUESTS RECEIVABLE

Pledges and bequests receivable consist of unconditional promises to give that are time and/or purpose restricted. Pledges and bequests receivable, net, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Pledges and Bequests Receivable, Gross	\$ 1,719,475	\$ 1,745,833
Less: Unamortized Discount at 3.88% at December 31, 2023 and December 31, 2022	-	(33,665)
Pledges and Bequests Receivable, Net	<u>\$ 1,719,475</u>	<u>\$ 1,712,168</u>

The maturity of pledges and bequests receivable at December 31, 2023, is as follows:

Within One Year	\$ 1,719,475
In One to Five Years	-
Total	<u>\$ 1,719,475</u>

NOTE 6 NOTE RECEIVABLE

During 2018, BCFS closed on a new markets tax credit (NMTC) arrangement resulting in a note receivable from Chase NMTC Buckner Investment Fund, LLC, in the amount of \$7,702,200 with interest payable annually at 1.00%. Principal and interest payments of the note commenced in December 2018 with final payment due December 2051. As part of the arrangement, the note may be paid off early, wherein a significant portion of the debt may be forgiven through the utilization of the new markets tax credit. The note is collateralized by a security interest in the membership interests of the community development entity, DDF November, LLC. The note receivable originated with the issuance of certain debt instruments reflected in Note 10 to the consolidated financial statements. However, there is not a right of offset with these debt instruments.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated Useful Life	<u>2023</u>	<u>2022</u>
Buildings	10 to 40 Years	\$ 466,973,276	\$ 462,854,800
Furniture and Equipment	5 to 10 Years	36,427,650	34,602,096
Vehicles	2 to 4 Years	2,504,605	2,540,981
Land Improvements	5 to 20 Years	17,481,052	16,985,780
Total		523,386,583	516,983,657
Less: Accumulated Depreciation		(159,527,583)	(145,547,898)
Total		363,859,000	371,435,759
Projects-in-Process		899,674	1,471,985
Land		18,939,995	13,922,542
Property and Equipment, Net		<u>\$ 383,698,669</u>	<u>\$ 386,830,286</u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$15,027,023 and \$14,457,997 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	2023	2022
Employee Vacation and Sick Pay	\$ 747,157	\$ 383,970
Employee Health Benefits	625,000	925,000
Nonsubscriber Occupational Injury	100,000	100,000
Property Taxes	1,500	450
Wages and Payroll Related	1,262,603	1,198,092
Interest on Revenue Bonds and Notes Payable	2,109,625	2,173,757
Other	3,346,499	2,291,463
Total	\$ 8,192,384	\$ 7,072,732

NOTE 9 DEBT

In October 2018, First Financial Bank, N.A., made two loans, Note A and Note B, to BMM through the Orchard Cultural Education Facilities Finance Corporation. The proceeds from the notes were used by BMM to finance and refinance the construction, acquisition, renovation, and equipping of independent living, assisted living, and skilled nursing facilities in San Angelo, Texas. Note A and Note B were both refinanced effective January 1, 2021, at an interest rate of 3.5% per annum. The outstanding principal amount of Note A on December 31, 2023, was \$6,863,853. The outstanding principal amount of Note B on December 31, 2023, was \$5,452,607. Total annual payments for Note A and Note B through September 2028 will be \$481,968 and \$370,122, respectively. Effective October 2028, the rate will be variable, but at no time will the interest rate be less than 3.5% per annum. Buckner Foundation, Inc., has entered into an account control agreement with First Financial Bank, N.A., in the amount of \$2,000,000 for the benefit of BMM related to the two notes.

In May 2017, BSL, through the Tarrant County Cultural Education Facilities Finance Corporation, issued \$232,345,000 of tax-exempt bonds, and is the sole obligated party on the issuance. The proceeds generated by the sale of the bonds were loaned to BSL to finance the development, marketing, construction, and equipping of a Life Plan Continuum Care Retirement Community located in Dallas, Texas. The outstanding principal amount of the Series 2017 Ventana bonds at December 31, 2023, is \$147,045,000. As of December 31, 2023, revenue bond proceeds of \$11,934,566 were being held by the trustee to be used for retirement of debt. Interest payments began November 2017 with principal payments not beginning until year 2019, and the total annual payments are approximately \$11,730,000 through November 15, 2052. As of December 31, 2023, the unamortized premium on the Series 2017 Ventana bonds is \$124,365. Buckner Foundation, Inc., has entered into a liquidity support agreement with BSL and the Master Trustee in the amount of \$15,000,000 for the benefit of BSL related to the 2017 Bonds.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 DEBT (CONTINUED)

In August 2017, BRS, through the Tarrant County Cultural Education Facilities Finance Corporation, issued \$52,485,000 of tax-exempt bonds, and is the sole obligated party on the issuance. The proceeds generated by the sale of the bonds were loaned to BRS to (1) finance a portion of the costs for improving and equipping a health care facility located in Houston, Texas, and (2) refund \$49,200,000 which represents the remaining portion of the outstanding Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds, Series 2007. The outstanding principal amount of the Series 2017 bonds at December 31, 2023, is \$43,865,000. As of December 31, 2023, revenue bond proceeds of \$3,271 were being held by the trustee to be used for retirement of debt. Total principal and interest payments began November 2017, and the total annual payments are approximately \$3,790,000 through November 15, 2037, and \$1,745,000 from November 15, 2038, through November 15, 2046. As of December 31, 2023, the unamortized premium on the Series 2017 bonds is \$5,028,527.

In May 2016, BRS, through the Tarrant County Cultural Education Facilities Finance Corporation, issued \$89,260,000 of tax-exempt bonds, and is the sole obligated party on the issuance. The proceeds generated by the sale of the bonds were loaned to BRS to (1) finance the construction and expansion of certain retirement facilities located in Austin, Beaumont, and Longview, Texas, and (2) refund \$39,540,000 which represented a portion of the outstanding Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds, Series 2007. The outstanding principal amount of the Series 2016 bonds at December 31, 2023, is \$81,130,000. As of December 31, 2023, revenue bond proceeds of \$4,737 were being held by the trustee to be used for retirement of debt. Total principal and interest payments began November 2016, and the total annual payments are approximately \$5,350,000 through November 15, 2037, and \$7,800,000 from November 15, 2038, through November 15, 2046. As of December 31, 2023, the unamortized premium on the Series 2016 bonds is \$9,846,928.

BRS is required to maintain compliance with certain covenants as provided by the April 2016 Supplemental Indenture, the August 2017 Supplemental Indenture, and the original July 2007 Master Trust Indenture. Buckner Foundation, Inc. has entered into a Credit and Support Agreement with the Master Trustee for the benefit of BRS related to the 2017 Series and 2016 Series bonds.

Buckner has available a line of credit for \$1,950,000, which includes \$1,100,000 available as of December 31, 2023, and \$850,000 for a Standby Letter of Credit. The Standby Letter of Credit was required for increased deductibles related to the 2024 property and casualty insurance renewal. No funds have been drawn against the line of credit as of December 31, 2023.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 DEBT (CONTINUED)

A summary of debt is as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Revenue Bonds Payable:		
Series 2017 revenue bonds, interest rates of 2.25% to 5.00%, net of unamortized premium.	\$ 48,893,527	\$ 50,784,424
Less: Bond Issuance Costs	<u>(655,693)</u>	<u>(697,740)</u>
Subtotal	48,237,834	50,086,684
Series 2017 Ventana bonds, interest rates of 4.00% to 6.75%, net of unamortized premium.	147,169,365	147,173,745
Less: Bond Issuance Costs	<u>(3,793,268)</u>	<u>(3,926,660)</u>
Subtotal	<u>143,376,097</u>	<u>143,247,085</u>
Series 2016 revenue bonds, interest rates of 1.00% to 5.00%, net of unamortized premium.	90,976,928	92,755,490
Less: Bond Issuance Costs	<u>(976,157)</u>	<u>(1,028,368)</u>
Subtotal	<u>90,000,771</u>	<u>91,727,122</u>
Notes Payable:		
With GM Financial, interest rate of 6.74% expiring April 2027	20,828	27,076
With FFIN San Angelo, interest rate currently 3.5%, expires October 2043.	6,863,853	7,097,722
Less: Issuance Costs	<u>(348,865)</u>	<u>(365,478)</u>
Subtotal	<u>6,514,988</u>	<u>6,732,244</u>
With FFIN San Angelo, interest rate currently 3.5%, expires October 2044	5,452,607	5,625,917
DDF November, LLC Loan A, interest accrued monthly, paid annually, at 1.19%, until December 1 2025, principal and interest is due annually until maturity December 1, 2055.	7,702,200	7,702,200
DDF November, LLC Loan B, interest accrued monthly, paid annually, at 1.19%, until December 1 2025, principal and interest is due annually until maturity December 1, 2055.	3,077,800	3,077,800
Less: Issuance Costs	<u>(115,265)</u>	<u>(175,398)</u>
Subtotal	<u>10,664,735</u>	<u>10,604,602</u>
Total	<u><u>\$ 304,267,860</u></u>	<u><u>\$ 308,050,730</u></u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 DEBT (CONTINUED)

Scheduled debt repayments on short-term notes payable, lines of credit, and revenue bonds at December 31, 2023 are as follows:

Year Ending December 31,	Notes Payable	BRS	BRS	BRS	BRS	Total
		Series 2017 Revenue Bonds	Series 2017 Ventana Revenue Bonds	Series 2016 Revenue Bonds	Total Revenue Bonds	
2024	\$ 425,542	\$ 1,645,000	\$ 875,000	\$ 1,305,000	\$ 3,825,000	\$ 4,250,542
2025	441,829	1,720,000	1,945,000	1,370,000	5,035,000	5,476,829
2026	664,064	1,765,000	2,065,000	1,440,000	5,270,000	5,934,064
2027	678,585	1,855,000	2,185,000	1,510,000	5,550,000	6,228,585
2028	701,074	1,945,000	2,320,000	1,585,000	5,850,000	6,551,074
Thereafter	20,206,194	34,935,000	137,655,000	73,920,000	246,510,000	266,716,194
Total	23,117,288	43,865,000	147,045,000	81,130,000	272,040,000	295,157,288
Less: Debt Issuance Costs	(464,130)	(655,693)	(3,793,268)	(976,157)	(5,425,118)	(5,889,248)
Amount Representing Premium	-	5,028,527	124,365	9,846,928	14,999,820	14,999,820
Total	\$ 22,653,158	\$ 48,237,834	\$ 143,376,097	\$ 90,000,771	\$ 281,614,702	\$ 304,267,860

NOTE 10 NEW MARKETS TAX CREDIT ARRANGEMENT

BCFS entered into new markets tax credit (NMTC) transactions during the year ended December 31, 2018, and created a new entity, Buckner FHC-Bachman Lake (BBL), as a result. The NMTC program was designed to make investment capital available to businesses in qualifying low-income communities, to create jobs and spur additional economic development. Privately managed investment institutions, or Community Development Entities (CDEs), make loans and capital investments in businesses in underserved areas. The NMTCs were allocated in this transaction pursuant to Section 45D of the IRC. Further detail of the transactions are described below and in Note 6.

BCFS and an unrelated third party lender (NMTC Investor) entered into the new markets tax credit transaction, where BCFS loaned \$7,702,200 and the NMTC Investor loaned \$3,517,800 to Chase NMTC Buckner Investment Fund, LLC, during the year ended December 31, 2018. Chase NMTC Buckner Investment Fund, LLC, then invested the funds into a CDE (DDF November, LLC), who separately loaned funds to BBL in the amount of \$10,780,000. This was accomplished through two different Qualified Low-Income Community Investment (QLICI) loans as noted below. The loans have subjected BCFS and BBL to certain restrictive covenants. Management believes they are in compliance with all covenants.

After the seven-year NMTC period expires, it is anticipated that the NMTC Investor will exercise its put option to sell its ownership interest in Chase NMTC Buckner Investment Fund, LLC, to BCFS for \$1,000. If the NMTC Investor does not exercise that put option, then the put and call agreement allows BCFS to exercise a call option to purchase the interest in Chase NMTC Buckner Investment Fund, LLC, at an appraised fair value. The CDE will also distribute its assets to the Chase NMTC Buckner Investment Fund, LLC. After the exit transactions are completed, BCFS will be the holder of a portion of the NMTC Loan, and such loan will be eliminated for reporting purposes because such loan will be owed by the subsidiary to BCFS.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 NEW MARKETS TAX CREDIT ARRANGEMENT (CONTINUED)

As of December 31, 2023, BBL was obligated on the DDF Notes Payable discussed in Note 9.

NOTE 11 RETIREMENT PLANS

Buckner provides a defined contribution retirement plan (the Plan) for its employees. Employees hired before April 1, 2019, are eligible to participate in the Plan after completing two years of eligible service. Buckner contributes 8% of an employee's base salary for employees who contribute at least 5% of their salary. Vesting occurs immediately upon entering the Plan. Employees hired on or after April 1, 2019, are eligible to participate in the Plan upon joining Buckner. Buckner contributes 5% of an employee's base salary for employees who contribute at least 5% of their salary. Vesting occurs after three years of continuous service. Contributions to the Plan for the years ended December 31, 2023 and 2022, were \$2,201,671 and \$2,169,195, respectively.

NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis on the consolidated statement of functional expenses. Salaries and related payroll expenses are recorded based on actual segregation of personnel by program or supporting services. Distribution of all other expenses is based on actual usage or management's estimate of usage applicable to various programs and supporting services benefitted.

NOTE 13 LEASES

Buckner enters into noncancelable operating lease agreements for office space in the normal course of business. As of December 31, 2023, Buckner has leases for office space, which include the corporate support center facility and five locations for Buckner Children and Family Services, as well as three vehicles. These leases are classified as operating lease agreements and have lease terms remaining ranging from 17 months to approximately seven years.

The optional renewal period was considered for all leases, but Buckner does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same areas for comparable lease rates.

All leases include fixed rental payments, but some of leases also include variable rental payments. Buckner has one lease in which separate payments are made to the lessor based on the lessor's utilities costs, capital improvement costs, property and casualty insurance costs, and the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. Buckner elected the practical expedient not to separate lease and nonlease components for all building leases.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 LEASES (CONTINUED)

During 2023 and 2022, Buckner recognized rent expense associated with leases as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease Cost:		
Rent and Lease Expense	\$ 1,280,785	\$ 1,178,551

Amounts recognized as right-of-use (ROU) assets related to leases are included in Other Assets in the accompanying consolidated statements of financial position, while related lease liabilities are included in Other Liabilities. As of December 31, 2023 and 2022, right-of-use assets and lease liabilities related to leases were as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease Right-of-Use Assets	\$ 2,440,891	\$ 3,051,856
Operating Lease Liabilities	\$ 2,633,381	\$ 3,313,917

During the years ended December 31, 2023 and 2022, Buckner had the following cash and noncash activities associated with leases:

	<u>2023</u>	<u>2022</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 1,180,813	\$ 1,197,261
Additions to Right-of-Use Assets Obtained from:		
New Operating Lease Liabilities	\$ 646,791	\$ 564,186

The future payments due under those leases as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 1,352,084
2025	715,539
2026	272,370
2027	207,276
2028	113,843
Thereafter	213,903
Total	<u>\$ 2,875,015</u>

As of December 31, 2023, the weighted-average remaining lease term for all operating leases is 3.3 years. Buckner elected the practical expedient for nonpublic business entities to use a risk-free rate for a period comparable to the lease term.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 14 ASSET RETIREMENT OBLIGATION

Asset retirement obligations (AROs) are recorded under the provisions of the Accounting Standards Codification, accounting for asset retirement obligations and accounting for conditional asset retirement obligations, which requires the fair value of a liability related to the retirement of long-lived assets to be recorded at the time a legal obligation is incurred, if the liability can be reasonably estimated. Buckner has identified asbestos abatement that must be reported. It is currently appropriately managed by Buckner in accordance with current laws and regulations. However, it is possible that at some future date, renovations, demolition, or construction could occur that would require direct remediation of Buckner's AROs. The asset retirement obligation as of December 31, 2023 and 2022, was included in other liabilities. A reconciliation of the asset retirement obligation liability is as follows:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 896,161	\$ 857,325
Accretion Expense	33,265	38,836
Settlement of ARO Obligations	<u>(161,840)</u>	<u>-</u>
Ending Balance	<u>\$ 767,586</u>	<u>\$ 896,161</u>

NOTE 15 NET ASSETS

Included in net assets with restrictions is the accumulation of gifts to be invested in perpetuity. The income earned on these investments can be used for the general operation of the organization. Net assets with restrictions are restricted for the following purposes or periods at December 31:

	<u>2023</u>	<u>2022</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	\$ 127,248,999	\$ 129,409,032
Gift Amounts Restricted by Purpose	5,934,332	5,616,923
Gifts and Other Amounts Restricted by Passage of Time	<u>20,090,971</u>	<u>19,263,048</u>
Total Net Assets With Restrictions	<u>\$ 153,274,302</u>	<u>\$ 154,289,003</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows:

	<u>2023</u>	<u>2022</u>
Capital Projects - Children and Family Services	\$ 766,329	\$ 652,364
Program Support - Children and Family Services	1,198,120	107,780
Program Support - Retirement Services	<u>200,000</u>	<u>200,000</u>
Total Net Assets Released from Restrictions	<u>\$ 2,164,449</u>	<u>\$ 960,144</u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 16 RELATED PARTY TRANSACTIONS

In prior years, Buckner has entered into transactions with its board members on an occasional basis, subject to and in compliance with the Buckner Policy on Conflict of Interest, including requiring approval of disinterested members of the finance committee of the board. Such transactions are immaterial in amount and no such transactions took place in 2023 or 2022.

NOTE 17 FAIR VALUE MEASUREMENTS

The Accounting Standards Codification accounting for fair value measurements and disclosures established the framework for measuring fair value, which was effective for fiscal years beginning after November 15, 2007. The guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price which is 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. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The hierarchy established by the Accounting Standards Codification gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). As required, Buckner's financial instruments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

The three levels of the fair value hierarchy, and its applicability to Buckner's financial instruments, are described below:

Level 1 – Pricing inputs are quoted prices available in active markets for identical financial instruments as of the reporting date.

Level 2 – Pricing inputs are quoted prices for similar financial instruments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes financial instruments valued at quoted prices adjusted for legal or contractual restrictions specific to these financial instruments.

Level 3 – Pricing inputs are unobservable for the financial instruments, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Buckner determines the fair value of the financial instruments through application of the guidance established.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)

Information related to the financial instruments measured at fair value on a recurring basis at December 31, is as follows:

	December 31, 2023			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
HighGround Endowment Fund	\$ 175,882,178	\$ -	\$ 175,882,178	\$ -
Equities - Domestic	47,197,380	29,184,450	18,012,930	-
Equities - International	10,978,236	6,586,985	4,391,251	-
Corporate Bonds	24,990,902	-	24,990,902	-
U.S. Government Agencies	2,521,546	-	2,521,546	-
Money Market Funds	11,434,874	-	11,434,874	-
Bond Mutual Funds	35,919,403	-	35,919,403	-
Mineral Interests	199,370,987	-	-	199,370,987
Real Estate/Other	33,593,219	-	-	33,593,219
Pledges and Bequests Receivable	1,719,475	-	-	1,719,475
Revenue Bond Proceeds Held by Trustee	11,942,574	-	11,942,574	-
Annuity Funds Liabilities for Investments Held in Trust	(4,304,670)	-	-	(4,304,670)
Total	<u>\$ 551,246,104</u>	<u>\$ 35,771,435</u>	<u>\$ 285,095,658</u>	<u>\$ 230,379,011</u>

	December 31, 2022			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
HighGround Endowment Fund	\$ 148,407,884	\$ -	\$ 148,407,884	\$ -
Equities - Domestic	46,029,334	31,650,406	14,378,928	-
Equities - International	11,482,252	7,094,849	4,387,403	-
Corporate Bonds	26,611,625	-	26,611,625	-
U.S. Government Agencies	2,740,126	-	2,740,126	-
Money Market Funds	11,792,697	-	11,792,697	-
Bond Mutual Funds	42,534,285	-	42,534,285	-
Mineral Interests	198,800,438	-	-	198,800,438
Real Estate/Other	29,219,347	-	-	29,219,347
Pledges and Bequests Receivable	1,712,168	-	-	1,712,168
Revenue Bond Proceeds Held by Trustee	11,419,932	-	11,419,932	-
Annuity Funds Liabilities for Investments Held in Trust	(3,980,286)	-	-	(3,980,286)
Total	<u>\$ 526,769,802</u>	<u>\$ 38,745,255</u>	<u>\$ 262,272,880</u>	<u>\$ 225,751,667</u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used to measure and disclose fair value financial instruments:

Investments reported as Level 1 consist of equity securities which are determined by reference to quoted market prices for investments listed on an exchange or over-the-counter market.

Investments and revenue bond proceeds held by the trustee reported as Level 2 consists of the following:

HighGround Endowment Fund – HighGround Endowment Fund is a public investment vehicle that is valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is classified within Level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market, however the unit price is based on underlying investments which are traded on an observable active market.

Outside Trusts – Investments in trusts which benefit Buckner are classified within Level 2 of the valuation hierarchy because the portfolios are managed by outside investment managers, but the unit price of the underlying investments are traded on an observable active market.

Corporate Bonds – The fair value of sovereign government, municipal, and corporate bonds is generally based on using recently executed transactions, market price quotations, bond spreads or credit default swap spreads, and quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest-rate yield curves, cross-currency-basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity, and seniority.

Money Market Funds – The fair value of money market funds is estimated based on using recently executed transactions, market price quotations, bond spreads or credit default swap spreads and quoted prices in active markets.

Fair values reported as Level 3 consist of the following:

Mineral Interests – Mineral interests are valued by reviewing the most recent 12 months of mineral income, excluding bonus income, and analyzing current industry methodology and recent market conditions.

Investments in Real Estate – Investments in real estate are valued based on appraisals, property tax values, and recent sales of comparative properties.

The fair value of pledges and bequests receivables reported as Level 3 is based on the discounted value of expected future cash flows. The fair value of annuity funds liabilities for investments held in trust reported as Level 3 is based on the discounted value of the future liability.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 17 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

	Real Estate/ Other	Mineral Interests	Pledges and Bequests Receivable	Annuity Funds Liabilities for Investments Held in Trust
December 31, 2021	\$ 25,479,085	\$ 182,304,581	\$ 1,070,738	\$ (5,120,358)
Distributions	-	-	(1,330,070)	-
Contributions	-	-	1,971,500	-
Transfers	-	-	-	160,245
Net Realized and Unrealized Change in Investment Valuation	<u>3,740,262</u>	<u>16,495,857</u>	<u>-</u>	<u>979,827</u>
December 31, 2022	29,219,347	198,800,438	1,712,168	(3,980,286)
Distributions	-	-	(2,236,356)	106,157
Contributions	-	-	2,243,663	(50,000)
Transfers	-	-	-	-
Net Realized and Unrealized Change in Investment Valuation	<u>4,373,872</u>	<u>570,549</u>	<u>-</u>	<u>(380,541)</u>
December 31, 2023	<u>\$ 33,593,219</u>	<u>\$ 199,370,987</u>	<u>\$ 1,719,475</u>	<u>\$ (4,304,670)</u>

NOTE 18 RESTRICTED ASSETS HELD IN FOUNDATION

Foundation endowments consist of individual, donor-restricted funds established for future program services and operation. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted Texas' enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), addressed primarily by the Accounting Standards Codification, accounting for nonprofit entities, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment absent explicit donor stipulations to the contrary.

It is the Foundation's policy to maintain the corpus amounts of each individual donor restricted endowment fund received. If the fair value of assets associated with individual donor-restricted endowment funds were to fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration, in accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Unless stated otherwise in the gift instrument, the remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as net assets with restriction until those amounts are appropriated for expenditure by the Foundation.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 18 RESTRICTED ASSETS HELD IN FOUNDATION (CONTINUED)

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of equities (U.S. and non-U.S. stocks), fixed income instruments, and a small allocation of alternative investments to achieve its long-term return objective within prudent risk constraints.

The spending objective is determined annually by the Foundation board taking into consideration current market conditions and average market value of the portfolio's investable assets over the previous periods. The Foundation and the trustees recognize that the time horizon for the fund is very long-term, and the intent of the endowment is to remain in operation in perpetuity. The Foundation expects to grow the endowment at a rate equal to the nominal spending objective, the rate of inflation, and investments fees and expenses over the long-term. The Foundation will focus on total return without regard to whether that return is in the form of income or capital gains.

Net assets with restrictions is made up of the following:

Net assets with imposed restrictions that may be met by actions of the Foundation and/or passage of time to be used generally for capital expenditures and program support.

Net assets restricted for the Foundation's permanent endowment. The income from the endowment will be used to fund future program services and operations.

	Imposed Restrictions		Permanent Endowment	
	2023	2022	2023	2022
Net Assets	\$ 15,848,356	\$ 15,617,736	\$ 101,283,028	\$ 104,490,443

For the years ended December 31, 2023 and 2022, the Foundation had the following endowment-related activities:

	Imposed Restrictions	Permanent Endowment	Total
Endowment Net Assets - December 31, 2021	\$ 16,160,109	\$ 100,069,158	\$ 116,229,267
Investment Return:			
Investment Income (Loss)	(96,324)	1,126,053	1,029,729
Net Realized/Unrealized Gains (Losses)	(446,049)	3,075,474	2,629,425
Total Investment Return	(542,373)	4,201,527	3,659,154
Contributions to Endowment	-	219,758	219,758
Endowment Net Assets - December 31, 2022	15,617,736	104,490,443	120,108,179
Investment Return:			
Investment Income (Loss)	(73,801)	490,819	417,018
Net Realized/Unrealized Gains (Losses)	254,421	(6,185,868)	(5,931,447)
Total Investment Return	180,620	(5,695,049)	(5,514,429)
Contributions to Endowment	50,000	2,487,634	2,537,634
Endowment Net Assets - December 31, 2023	\$ 15,848,356	\$ 101,283,028	\$ 117,131,384

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 19 LIQUIDITY

Buckner has approximately \$288.6 million of financial assets available within one year of the balance sheet date to meet the cash needs for general expenditures of the organization. In addition to these funds, the organization could also draw upon \$1,100,000 available from a line of credit. Total financial assets were reduced by certain assets and netted out for determining the \$288.6 million of available liquid assets. The following assets were excluded: donor restrictions on cash and cash equivalents; donor restrictions on investments; nonliquid investments; investments set aside or available for financing obligations; and pledge receivables due more than one year from the consolidated statement of financial position date. As part of its liquidity management, Buckner may invest in excess of daily requirements in various short-term investments, including money market accounts. Approximately \$199.4 million of the \$288.6 million is maintained within the Foundation for investments whose earnings benefit the Buckner ministries.

The Foundation has entered into a credit and support agreement for the benefit of BRS related to the approximate \$124.9 million of outstanding revenue bonds payable at December 31, 2023, and this contingent amount has not reduced nor was netted out of the \$288.6 million of financial assets noted above.

NOTE 20 COMMITMENTS AND CONTINGENCIES

Buckner has been made aware of possible claims and, although the ultimate outcome of these matters is uncertain, management, based on consultation with outside legal counsel, is of the opinion that their resolution will not have a material adverse effect on Buckner's financial position, results of operations, or cash flows.

Federal and other grants are subject to periodic review and assessment by the related federal and other agencies. Buckner believes matters related to these reviews will not have a material adverse effect on Buckner's financial position.

At both December 31, 2023 and 2022, Buckner maintained a \$100,000 reserve for prior years' professional and general liability insurance.

Buckner is partially insured for employee health benefits and its nonsubscriber occupational injury plan. For employee health benefits, Buckner has a stop-loss limit of \$175,000 per person per year. At December 31, 2023 and 2022, Buckner has accrued \$625,000 and \$925,000, respectively, for employee health benefits. For the nonsubscriber occupational injury plan, Buckner has a stop-loss limit of \$100,000 per incident per year. At December 31, 2023 and 2022, Buckner has accrued \$100,000 for the nonsubscriber occupational injury plan.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 21 FEDERAL INCOME TAXES

The Accounting Standards Codification guidance accounting for uncertainties in income taxes requires that Buckner recognize in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the tax position. The requirements also provide guidance on measurement, classification, interest and penalties and disclosure.

Tax positions taken related to Buckner's tax-exempt status, unrelated business activities taxable income, and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken would more likely than not be sustained by examination. For the year ended December 31, 2023, there were no interest or penalties recorded or included in the consolidated financial statements. As of December 31, 2023, Buckner's tax years 2020 and thereafter remain subject to examination.

NOTE 22 IN-KIND CONTRIBUTIONS

Contributed nonfinancial assets for the years ended December 31 consisted of the following:

	2023	2022
Clothing and Household Goods	\$ 2,166,716	\$ 3,065,205
Food	1,259,981	1,232,938
Gift Cards	55,709	14,285
Other	402,574	178,636
Total	\$ 3,884,980	\$ 4,491,064

Buckner recognized contributed nonfinancial assets within revenue, including contributed household goods, food, gift cards, and other items. Clothing and household goods include clothing, shoes, socks, household items, and furniture. Contributed clothing and household goods, food, gift cards, and other items are valued at the estimated fair value, based on estimated values that would be received for selling similar products in the U.S. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed nonfinancial assets were used in the following programs: BCFS Family Hope Centers, BCFS Family Pathways, BCFS Foster Care and Adoption, BI Humanitarian Aid, BMM Senior Care and Assistance, and BRS Senior Care and Assistance.

BUCKNER INTERNATIONAL AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 23 SUBSEQUENT EVENTS

Subsequent to year-end, BRS entered into a Member Substitution Agreement (MSA) to become the sole member of Tarrant County Senior Living Center, Inc. d/b/a The Stayton at Museum Way, referred to as a Membership Substitution. The Stayton at Museum Way is a life plan community located in Fort Worth, Texas, that consists of 188 independent living apartments, 42 assisted living units, 20 memory support units, and 46 health center beds. It is expected that following the execution of the Membership Substitution, but no later than February 4, 2025, new bonds will be issued in the aggregate principal amount of \$81 million bearing interest at 5.75% and maturing on December 1, 2054.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Buckner International and Subsidiaries
Dallas, Texas

We have audited the consolidated financial statements of Buckner International and Subsidiaries as of and for the years ended December 31, 2023 and 2022, and our report thereon dated May 10, 2024, which expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statement of financial position and consolidating statement of activities included hereinafter are presented for purposes of additional analyses and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Dallas, Texas
May 10, 2024

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Buckner International	Buckner Children and Family Services, Inc.	Buckner Retirement Services, Inc.	Buckner FHC - Bachman Lake	Buckner Foundation	Eliminations	2023 Consolidated Total	2022 Consolidated Total
ASSETS								
Cash and Cash Equivalents	\$ 4,036,389	\$ 22,441,176	\$ 18,285,513	\$ 1,021	\$ 2,222,975	\$ -	\$ 46,987,074	\$ 43,518,686
Investments	-	5,026,039	35,718,692	-	490,493,581	-	531,238,312	499,565,612
Board of Trustees Designated Funds	-	-	-	-	10,650,413	-	10,650,413	18,052,376
Assets Whose Use is Limited	-	-	3,553,761	43,351	-	-	3,597,112	2,449,656
Receivables	370,002	1,519,268	6,186,177	-	7,320,412	(5,200,000)	10,195,859	11,883,980
Allowance for Credit Losses	-	-	(2,013,249)	-	-	-	(2,013,249)	(757,980)
Pledges and Bequests Receivable, Net	-	1,719,475	-	-	-	-	1,719,475	1,712,168
Inventories and Supplies	28,043	-	157,092	-	-	-	185,135	186,581
Notes Receivable	-	7,702,200	-	-	-	-	7,702,200	7,702,200
Prepaid Expenses	1,426,569	1,257,588	3,257,109	-	-	(4,898,965)	1,042,301	1,133,887
Due from Other Companies, Net	13,645,596	-	-	-	-	(13,645,596)	-	-
Other Assets	1,266,926	1,155,646	105,274	-	-	-	2,527,846	3,153,352
Revenue Bond Proceeds Held by Trustee	-	-	11,942,574	-	-	-	11,942,574	11,419,932
Real Estate Held for Investment	592,443	-	-	-	1	-	592,444	892,254
Property and Equipment, Net	6,353,482	34,503,198	332,180,544	10,661,445	-	-	383,698,669	386,830,286
Total Assets	\$ 27,719,450	\$ 75,324,590	\$ 409,373,487	\$ 10,705,817	\$ 510,687,382	\$ (23,744,561)	\$ 1,010,066,165	\$ 987,742,990
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts Payable	\$ 378,521	\$ 331,784	\$ 1,134,098	\$ -	\$ -	\$ -	\$ 1,844,403	\$ 2,209,536
Accrued Liabilities	1,571,975	905,940	5,703,779	10,690	-	-	8,192,384	7,072,732
Short-Term Notes Payable	4,898,965	-	-	-	-	(4,898,965)	-	-
Revenue Bonds Payable, Net	-	-	281,614,702	-	-	-	281,614,702	285,060,891
Notes Payable	-	-	11,988,423	10,664,735	-	-	22,653,158	22,989,839
Resident Deposits	-	-	2,400,066	-	-	-	2,400,066	2,402,410
Refundable Fees	-	-	134,057,307	-	-	-	134,057,307	127,865,374
Deferred Revenue from Advance Fees	-	-	17,939,865	-	-	-	17,939,865	18,411,528
Annuity and Life Income Fund Liability	-	14,818	23,120	-	4,266,732	-	4,304,670	3,980,286
Other Liabilities	1,514,361	7,870,426	287,143	-	102,000	(5,200,000)	4,573,930	5,404,561
Due to Other Companies, Net	-	3,640,254	9,945,147	11,630	48,565	(13,645,596)	-	-
Total Liabilities	8,363,822	12,763,222	465,093,650	10,687,055	4,417,297	(23,744,561)	477,580,485	475,397,157
NET ASSETS								
Without Restrictions	19,355,628	55,701,157	(85,002,870)	18,762	389,138,701	-	379,211,378	358,056,830
With Restrictions	-	6,860,211	29,282,707	-	117,131,384	-	153,274,302	154,289,003
Total Net Assets	19,355,628	62,561,368	(55,720,163)	18,762	506,270,085	-	532,485,680	512,345,833
Total Liabilities and Net Assets	\$ 27,719,450	\$ 75,324,590	\$ 409,373,487	\$ 10,705,817	\$ 510,687,382	\$ (23,744,561)	\$ 1,010,066,165	\$ 987,742,990

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Buckner International	Buckner Children and Family Services, Inc.	Buckner Retirement Services, Inc.	Buckner FHC - Bachman Lake	Buckner Foundation	Eliminations	2023 Consolidated Total	2022 Consolidated Total
REVENUES, SUPPORT, AND GAINS								
Client Support and Related Income	\$ 2,201,098	\$ 10,048,744	\$ 97,434,502	\$ -	\$ -	\$ -	\$ 109,684,344	\$ 104,250,531
Investment Income	79,733	1,156,659	3,670,098	1,260	43,762,865	-	48,670,615	50,472,596
Distributions from Related Foundation	22,705,756	11,130,903	10,396,531	-	-	(44,233,190)	-	-
Contributions:								
Baptist General Convention of Texas	-	241,006	101,012	-	-	-	342,018	394,283
Individual and Business Gifts	911,999	12,208,420	627,156	-	2,542,504	-	16,290,079	13,679,478
Bequests	-	2,479,328	105,148	-	-	-	2,584,476	1,438,931
In-Kind Contributions	3,486,943	398,037	-	-	-	-	3,884,980	4,491,064
Gain (Loss) on Sales of Real Estate								
Held for Investment	181,455	(157,762)	-	-	-	-	23,693	(167,884)
Other	122,354	253,990	402,359	-	4,563	-	783,266	1,713,941
Administrative Fees	7,727,074	-	-	-	-	(7,727,074)	-	-
Total Revenues, Support, and Gains	<u>37,416,412</u>	<u>37,759,325</u>	<u>112,736,806</u>	<u>1,260</u>	<u>46,309,932</u>	<u>(51,960,264)</u>	<u>182,263,471</u>	<u>176,272,940</u>
EXPENSES								
Salaries and Benefits	16,563,239	16,803,970	51,197,787	-	-	-	84,564,996	78,629,654
Supplies and Direct Expenses	4,612,625	9,602,612	19,282,491	-	-	-	33,497,728	31,866,964
Occupancy and Insurance	2,894,814	5,036,145	15,077,693	-	-	-	23,008,652	21,167,721
Travel and Transportation	763,435	938,847	495,836	-	-	-	2,198,118	1,686,668
Administration	6,329,033	7,048,941	7,164,913	-	112,949	(7,727,074)	12,928,762	14,864,426
Depreciation	587,714	1,455,354	12,657,199	326,756	-	-	15,027,023	14,457,997
Interest Expense	96,594	-	16,600,840	188,415	-	-	16,885,849	17,135,168
Credit Loss Expense	-	-	576,477	-	-	-	576,477	524,799
Total Expenses	<u>31,847,454</u>	<u>40,885,869</u>	<u>123,053,236</u>	<u>515,171</u>	<u>112,949</u>	<u>(7,727,074)</u>	<u>188,687,605</u>	<u>180,333,397</u>
CHANGE IN ASSETS FROM OPERATIONS	5,568,958	(3,126,544)	(10,316,430)	(513,911)	46,196,983	(44,233,190)	(6,424,134)	(4,060,457)
NONOPERATING ITEMS								
Net Realized and Unrealized Gains								
(Losses) on Investments	-	456,969	3,107,234	-	22,184,382	-	25,748,585	(33,371,666)
Distributions to Related Entities	-	-	-	-	(44,233,190)	44,233,190	-	-
Other, Net	6,035,414	(4,095,632)	(1,589,001)	78,264	386,351	-	815,396	1,308,380
Total Nonoperating Items	<u>6,035,414</u>	<u>(3,638,663)</u>	<u>1,518,233</u>	<u>78,264</u>	<u>(21,662,457)</u>	<u>44,233,190</u>	<u>26,563,981</u>	<u>(32,063,286)</u>
CHANGE IN NET ASSETS	11,604,372	(6,765,207)	(8,798,197)	(435,647)	24,534,526	-	20,139,847	(36,123,743)
Net Assets - Beginning of Year	7,751,256	69,326,575	(46,921,966)	454,409	481,735,559	-	512,345,833	548,469,576
NET ASSETS - END OF YEAR	<u>\$ 19,355,628</u>	<u>\$ 62,561,368</u>	<u>\$ (55,720,163)</u>	<u>\$ 18,762</u>	<u>\$ 506,270,085</u>	<u>\$ -</u>	<u>\$ 532,485,680</u>	<u>\$ 512,345,833</u>

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION –
BUCKNER RETIREMENT SERVICES, INC. AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Buckner Retirement Services, Inc.		Baptist Memorials Ministries		Buckner Senior Living		Eliminations		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022	Consolidated Total	Consolidated Total
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 6,529,738	\$ 4,509,406	\$ 4,376,386	\$ 4,099,471	\$ 7,379,389	\$ 11,706,006	\$ -	\$ -	\$ 18,285,513	\$ 20,314,883
Investments	-	-	6,378,451	4,578,281	-	-	-	-	6,378,451	4,578,281
Assets Whose Use is Limited	761,644	761,687	-	-	2,792,117	1,517,574	-	-	3,553,761	2,279,261
Receivables	3,458,471	4,649,048	1,424,424	2,013,039	1,303,282	872,974	(3,833,744)	(3,242,393)	2,352,433	4,292,688
Allowance for Credit Losses	(1,336,502)	(433,000)	(340,175)	(299,980)	(336,572)	(25,000)	-	-	(2,013,249)	(757,980)
Inventories and Supplies	63,503	90,093	45,735	53,653	47,854	35,764	-	-	157,092	179,510
Prepaid Expenses	2,084,966	677,071	1,066,403	1,078,173	105,740	81,133	-	-	3,257,109	1,836,377
Total Current Assets	11,561,820	10,254,305	12,951,224	11,522,637	11,291,810	14,188,451	(3,833,744)	(3,242,393)	31,971,110	32,723,000
NONCURRENT ASSETS										
Investments, Net of Current Portion	244,526	262,836	29,095,715	27,789,816	-	-	-	-	29,340,241	28,052,652
Noncurrent Receivables	3,833,744	3,242,393	-	-	-	-	-	-	3,833,744	3,242,393
Other Assets	18,319	-	-	-	86,955	101,496	-	-	105,274	101,496
Revenue Bond Proceeds Held by Trustee	8,008	8,007	-	-	11,934,566	11,411,925	-	-	11,942,574	11,419,932
Property and Equipment	199,380,831	197,643,825	61,936,716	60,064,141	197,772,046	196,599,611	-	-	459,089,593	454,307,577
Accumulated Depreciation	(75,274,599)	(69,718,088)	(28,311,209)	(26,789,561)	(23,323,241)	(17,859,428)	-	-	(126,909,049)	(114,367,077)
Total Noncurrent Assets	128,210,829	131,438,973	62,721,222	61,064,396	186,470,326	190,253,604	-	-	377,402,377	382,756,973
Total Assets	\$ 139,772,649	\$ 141,693,278	\$ 75,672,446	\$ 72,587,033	\$ 197,762,136	\$ 204,442,055	\$ (3,833,744)	\$ (3,242,393)	\$ 409,373,487	\$ 415,479,973
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable	\$ 767,325	\$ 1,175,160	\$ 164,726	\$ 95,598	\$ 202,047	\$ 352,854	\$ -	\$ -	\$ 1,134,098	\$ 1,623,612
Accrued Liabilities	2,650,640	2,307,912	759,962	489,523	2,293,177	2,094,530	-	-	5,703,779	4,891,965
Current Portion of Revenue Bonds Payable	2,950,000	2,810,000	-	-	875,000	-	-	-	3,825,000	2,810,000
Current Portion of Other Notes Payable	6,248	6,248	419,294	407,154	-	-	-	-	425,542	413,402
Resident Deposits	2,400,066	2,402,410	-	-	-	-	-	-	2,400,066	2,402,410
Other Liabilities	235,484	381,979	887	5,501	50,772	71,096	-	-	287,143	458,576
Due to Related Parties, Net	8,014,915	6,666,081	1,579,458	2,447,878	350,774	165,824	-	-	9,945,147	9,278,783
Total Current Liabilities	17,024,678	15,749,790	2,924,327	3,445,654	3,771,770	2,684,304	-	-	23,720,775	21,879,748
NONCURRENT LIABILITIES										
Revenue Bonds Payable, Net	135,288,605	139,003,806	-	-	142,501,097	143,247,085	-	-	277,789,702	282,250,891
Notes Payable	14,580	20,828	11,548,301	11,951,007	-	-	-	-	11,562,881	11,971,835
Refundable Fees	7,670,092	6,305,278	11,698,567	11,337,132	114,688,648	110,222,964	-	-	134,057,307	127,865,374
Deferred Revenue from Advance Fees	553,883	382,450	1,835,863	1,741,069	15,550,119	16,288,009	-	-	17,939,865	18,411,528
Annuity and Life Income Fund Liability	-	-	23,120	22,563	-	-	-	-	23,120	22,563
Other Liabilities	-	-	-	-	3,833,744	3,242,393	(3,833,744)	(3,242,393)	-	-
Total Noncurrent Liabilities	143,527,160	145,712,362	25,105,851	25,051,771	276,573,608	273,000,451	(3,833,744)	(3,242,393)	441,372,875	440,522,191
Total Liabilities	160,551,838	161,462,152	28,030,178	28,497,425	280,345,378	275,684,755	(3,833,744)	(3,242,393)	465,093,650	462,401,939
NET ASSETS										
Without Restrictions	(20,989,301)	(19,934,950)	18,569,673	16,322,355	(82,583,242)	(71,242,700)	-	-	(85,002,870)	(74,855,295)
With Restrictions	210,112	166,076	29,072,595	27,767,253	-	-	-	-	29,282,707	27,933,329
Total Net Assets	(20,779,189)	(19,768,874)	47,642,268	44,089,608	(82,583,242)	(71,242,700)	-	-	(55,720,163)	(46,921,966)
Total Liabilities and Net Assets	\$ 139,772,649	\$ 141,693,278	\$ 75,672,446	\$ 72,587,033	\$ 197,762,136	\$ 204,442,055	\$ (3,833,744)	\$ (3,242,393)	\$ 409,373,487	\$ 415,479,973

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES –
BUCKNER RETIREMENT SERVICES, INC. AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Buckner Retirement Services, Inc.		Baptist Memorials Ministries		Buckner Senior Living		Eliminations		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022	Consolidated Total	Consolidated Total
REVENUES, SUPPORT, AND GAINS										
Client Support and Related Income	\$ 56,061,511	\$ 56,143,596	\$ 13,106,363	\$ 11,537,214	\$ 28,266,628	\$ 24,117,369	\$ -	\$ -	\$ 97,434,502	\$ 91,798,179
Investment Income	212,383	91,298	2,452,923	2,296,951	1,008,179	347,892	(91,177)	(91,177)	3,582,308	2,644,964
Distributions from Related Foundation	10,328,031	1,604,654	31,500	-	37,000	347,000	-	-	10,396,531	1,951,654
Contributions:										
Baptist General Convention of Texas	7,053	8,060	93,959	112,444	-	-	-	-	101,012	120,504
Individual and Business Gifts	154,975	263,122	203,234	58,850	194,037	6,919	-	-	552,246	328,891
Bequests	-	-	105,148	629,622	-	-	-	-	105,148	629,622
In-Kind Contributions	-	2,730	-	25,660	-	-	-	-	-	28,390
Net Assets Released from Restrictions	-	-	200,000	200,000	-	-	-	-	200,000	200,000
Other	88,934	738,608	235,544	352,040	77,881	339,117	-	-	402,359	1,429,765
Administrative Fees	1,250,436	1,067,552	-	-	-	-	(1,250,436)	(1,067,552)	-	-
Total Revenues, Support, and Gains	68,103,323	59,919,620	16,428,671	15,212,781	29,583,725	25,158,297	(1,341,613)	(1,158,729)	112,774,106	99,131,969
EXPENSES										
Salaries and Benefits	30,339,206	29,430,862	8,669,138	8,435,117	12,189,443	10,329,727	-	-	51,197,787	48,195,706
Supplies and Direct Expenses	11,100,165	10,927,014	1,600,872	1,558,595	6,581,454	4,822,381	-	-	19,282,491	17,307,990
Occupancy and Insurance	8,695,427	8,260,418	2,876,793	2,618,260	3,505,473	3,388,337	-	-	15,077,693	14,267,015
Travel and Transportation	344,845	320,794	94,371	93,486	56,620	41,594	-	-	495,836	455,874
Administration	4,846,676	4,658,990	571,191	618,759	2,997,482	5,913,124	(1,250,436)	(1,067,552)	7,164,913	10,123,321
Depreciation	5,650,568	5,531,868	1,542,818	1,431,034	5,463,813	5,405,309	-	-	12,657,199	12,368,211
Interest Expense	6,340,016	6,464,568	469,630	463,381	9,882,371	10,050,553	(91,177)	(91,177)	16,600,840	16,887,325
Credit Loss Expense	513,245	469,039	57,642	49,980	5,590	5,780	-	-	576,477	524,799
Total Expenses	67,830,148	66,063,553	15,882,455	15,268,612	40,682,246	39,956,805	(1,341,613)	(1,158,729)	123,053,236	120,130,241
CHANGE IN ASSETS WITHOUT RESTRICTIONS FROM OPERATIONS	273,175	(6,143,933)	546,216	(55,831)	(11,098,521)	(14,798,508)	-	-	(10,279,130)	(20,998,272)
NONOPERATING ITEMS										
Net Realized and Unrealized Gains (Losses) on Investments	(44,560)	(11,487)	1,601,378	1,905,491	132,864	(495,293)	-	-	1,689,682	1,398,711
Gain on Disposal of Property and Equipment	-	62,543	-	-	-	-	-	-	-	62,543
Other, Net	(1,282,966)	(1,999)	99,724	389,103	(374,885)	-	-	-	(1,558,127)	387,104
Total Nonoperating Items	(1,327,526)	49,057	1,701,102	2,294,594	(242,021)	(495,293)	-	-	131,555	1,848,358
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,054,351)	(6,094,876)	2,247,318	2,238,763	(11,340,542)	(15,293,801)	-	-	(10,147,575)	(19,149,914)
CHANGE IN NET ASSETS WITH RESTRICTIONS										
Contributions	74,910	64,600	-	-	-	-	-	-	74,910	64,600
Net Assets Released from Restriction	-	-	(200,000)	(200,000)	-	-	-	-	(200,000)	(200,000)
Net Realized and Unrealized Gains (Losses) on Investments	-	-	1,417,552	(5,607,645)	-	-	-	-	1,417,552	(5,607,645)
Other	(30,874)	(64,400)	87,790	89,095	-	-	-	-	56,916	24,695
Changes in Net Assets with Restrictions	44,036	200	1,305,342	(5,718,550)	-	-	-	-	1,349,378	(5,718,350)
CHANGE IN NET ASSETS	(1,010,315)	(6,094,676)	3,552,660	(3,479,787)	(11,340,542)	(15,293,801)	-	-	(8,798,197)	(24,868,264)
Net Assets - Beginning of Year	(19,768,874)	(13,674,198)	44,089,608	47,569,395	(71,242,700)	(55,948,899)	-	-	(46,921,966)	(22,053,702)
NET ASSETS - END OF YEAR	\$ (20,779,189)	\$ (19,768,874)	\$ 47,642,268	\$ 44,089,608	\$ (82,583,242)	\$ (71,242,700)	\$ -	\$ -	\$ (55,720,163)	\$ (46,921,966)

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS –
BUCKNER RETIREMENT SERVICES, INC. AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Buckner Retirement Services, Inc.		Baptist Memorials Ministries		Buckner Senior Living		Eliminations		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022	Consolidated Total	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in Net Assets	\$ (1,010,315)	\$ (6,094,676)	\$ 3,552,660	\$ (3,479,787)	\$ (11,340,542)	\$ (15,293,801)	\$ -	\$ -	\$ (8,798,197)	\$ (24,868,264)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities										
Depreciation	5,650,568	5,531,868	1,542,818	1,431,034	5,463,813	5,405,309	-	-	12,657,199	12,368,211
Credit Loss Expense	1,796,247	469,039	96,532	49,980	380,475	5,780	-	-	2,273,254	524,799
Amortization of Deferred Revenue from Advance Fees	(847,068)	(895,098)	(265,163)	(258,402)	(1,959,191)	(1,735,863)	-	-	(3,071,422)	(2,889,363)
Accretion Expense and ARO Revisions	7,482	7,158	-	-	-	-	-	-	7,482	7,158
Gain on Sale or Disposal of Facility Assets	(36)	(62,543)	(138,614)	(389,103)	(132,864)	495,293	-	-	(271,514)	43,647
Net Realized and Unrealized (Gains) Losses on Investments	44,560	11,487	(3,018,929)	3,702,154	-	-	-	-	(2,974,369)	3,713,641
Changes in Operating Assets and Liabilities:										
Assets Whose Use is Limited	(1)	1	-	-	112,195	3,830,285	-	-	112,194	3,830,286
Receivables	(293,519)	(2,273,017)	532,278	(485,899)	(499,211)	(277,060)	-	-	(260,452)	(3,035,976)
Inventories and Supplies	26,590	51,932	7,918	(10,183)	(12,090)	(2,903)	-	-	22,418	38,846
Prepaid Expenses	(1,407,895)	34,142	11,770	(187,992)	(24,607)	(1,229)	-	-	(1,420,732)	(155,079)
Other Assets	(18,319)	-	-	-	-	-	-	-	(18,319)	-
Accounts Payable	(407,835)	515,801	69,128	(99,225)	(150,807)	105,068	-	-	(489,514)	521,644
Accrued Liabilities	342,728	(1,193,153)	270,439	(250,493)	198,647	(11,947)	-	-	811,814	(1,455,593)
Resident Deposits	(2,344)	100,969	-	-	-	-	-	-	(2,344)	100,969
Refundable Fees	1,364,814	1,391,208	361,435	605,510	4,465,684	9,520,935	-	-	6,191,933	11,517,653
Deferred Revenue from Advance Fees	253,300	233,396	376,570	458,780	1,364,854	2,405,507	-	-	1,994,724	3,097,683
Due to Related Entities	1,348,834	6,013,911	(868,420)	(397,433)	184,950	10,557	-	-	665,364	5,627,035
Other Liabilities	(153,977)	142,496	(4,614)	663	571,027	570,664	-	-	412,436	713,823
Net Cash Provided (Used) by Operating Activities	6,693,814	3,984,921	2,525,808	689,604	(1,377,667)	5,026,595	-	-	7,841,955	9,701,120
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchases of Property and Equipment	(1,831,027)	(2,494,317)	(1,755,131)	(1,673,460)	(1,172,435)	(806,909)	-	-	(4,758,593)	(4,974,686)
Decrease in Revenue Bond Proceeds Held by Trustee	-	589,582	-	-	54,710	(618,740)	-	-	54,710	(29,158)
Purchases of Investments	(37,500)	(209,072)	(286,583)	(223,064)	(501,974)	(317,246)	-	-	(826,057)	(749,382)
Proceeds on Sales or Redemptions of Investments	11,250	5,000	200,000	200,000	-	-	-	-	211,250	205,000
Net Cash Used by Investing Activities	(1,857,277)	(2,108,807)	(1,841,714)	(1,696,524)	(1,619,699)	(1,742,895)	-	-	(5,318,690)	(5,548,226)
CASH FLOWS FROM FINANCING ACTIVITIES										
Payments on Revenue Bonds Payable and Short-Term Notes Payable	(2,816,248)	(2,681,249)	(407,179)	(393,063)	-	(6,460,000)	-	-	(3,223,427)	(9,534,312)
Net Cash Used by Financing Activities	(2,816,248)	(2,681,249)	(407,179)	(393,063)	-	(6,460,000)	-	-	(3,223,427)	(9,534,312)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,020,289	(805,135)	276,915	(1,399,983)	(2,997,366)	(3,176,300)	-	-	(700,162)	(5,381,418)
Cash and Cash Equivalents - Beginning of Year	5,279,098	6,084,233	4,099,471	5,499,454	13,377,942	16,554,242	-	-	22,756,511	28,137,929
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,299,387</u>	<u>\$ 5,279,098</u>	<u>\$ 4,376,386</u>	<u>\$ 4,099,471</u>	<u>\$ 10,380,576</u>	<u>\$ 13,377,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,056,349</u>	<u>\$ 22,756,511</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION										
Cash and Cash Equivalents	\$ 6,529,738	\$ 4,509,406	\$ 4,376,386	\$ 4,099,471	\$ 7,379,389	\$ 11,706,006	\$ -	\$ -	\$ 18,285,513	\$ 20,314,883
Restricted Cash Included in Assets Whose Use is Limited	761,641	761,684	-	-	2,792,115	1,517,573	-	-	3,553,756	2,279,257
Restricted Cash Included in Revenue Bond Proceeds Held by Trustee	8,008	8,008	-	-	209,072	154,363	-	-	217,080	162,371
Total Cash and Cash Equivalents	<u>\$ 7,299,387</u>	<u>\$ 5,279,098</u>	<u>\$ 4,376,386</u>	<u>\$ 4,099,471</u>	<u>\$ 10,380,576</u>	<u>\$ 13,377,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,056,349</u>	<u>\$ 22,756,511</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION										
Cash Paid for Interest	\$ 6,330,199	\$ 6,463,950	\$ 444,912	\$ 459,028	\$ 9,837,880	\$ 9,833,188	\$ -	\$ -	\$ 16,612,991	\$ 16,756,166



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