BUCKNER INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2015

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Buckner International

We have audited the accompanying consolidated financial statements of Buckner International and Subsidiaries (collectively, Buckner), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

WEAVER AND TIDWELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buckner International and Subsidiaries as of December 31, 2015 and 2014, 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.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
May 12, 2016

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
ASSETS		
Cash and cash equivalents	$ 16,258,241	$ 15,305,226
Investments	315,199,522	357,363,861
Assets whose use is limited	5,247,222	724,548
Receivables, net	6,351,979	7,688,680
Pledges and bequests receivable, net	3,258,884	2,232,509
Inventories and supplies	229,029	217,937
Notes receivable	80,693	139,715
Prepaid expenses	1,473,006	1,558,885
Other assets	3,394,688	1,978,808
Revenue bond proceeds held by trustee	9,118,508	9,306,104
Real estate held for investment	1,574,026	1,491,937
Property and equipment, net	159,488,610	154,113,235
Bond issuance costs, net	1,114,426	1,165,526
TOTAL ASSETS	$ 522,788,834	$ 553,286,971
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 1,928,034	$ 1,838,225
Accrued liabilities	4,523,693	3,995,858
Lines of credit	1,393,479	1,446,851
Short-term notes payable	1,260,656	980,574
Revenue bonds payable, net	91,603,523	93,846,158
Notes payable	18,955,468	13,560,110
Resident deposits	2,021,418	2,017,230
Refundable fees	21,557,321	17,080,871
Deferred revenue from advance fees	2,694,832	2,816,715
Annuity and life income fund liability	5,368,604	5,608,885
Other	2,103,046	2,176,822
Total liabilities	153,410,074	145,368,299
NET ASSETS		
Unrestricted	278,439,829	316,474,276
Temporarily restricted	12,461,278	12,020,093
Permanently restricted	78,477,653	79,424,303
Total net assets	369,378,760	407,918,672
TOTAL LIABILITIES AND NET ASSETS	$ 522,788,834	$ 553,286,971

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

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Client support and related income	$ 78,656,207	$ -	$ -	$ 78,656,207	$ 78,295,911	$ -	$ -	$ 78,295,911
Investment income	26,605,434	373	203,291	26,809,098	27,867,543	(5,336)	222,265	28,084,472
Contributions								
Baptist General Convention of Texas	474,251	-	-	474,251	631,594	-	-	631,594
Individual and business gifts	19,281,574	4,037,441	260,098	23,579,113	19,841,895	2,249,944	500,838	22,592,677
Bequests	1,750,197	-	-	1,750,197	180,592	-	202,037	382,629
Gain on sales of real estate held for investment	18,897	-	-	18,897	1,116,092	-	-	1,116,092
Other	473,671	-	-	473,671	647,229	-	-	647,229
Net assets released from restrictions	2,387,617	(2,387,617)	-	-	2,331,079	(2,331,079)	-	-
Total revenues	129,647,848	1,650,197	463,389	131,761,434	130,911,935	(86,471)	925,140	131,750,604
EXPENSES								
Salaries and benefits	63,432,128	-	-	63,432,128	61,656,268	-	-	61,656,268
Supplies and direct expenses	26,756,448	-	-	26,756,448	27,250,258	-	-	27,250,258
Occupancy and insurance	13,231,092	-	-	13,231,092	12,206,268	-	-	12,206,268
Travel and transportation	3,701,307	-	-	3,701,307	3,803,486	-	-	3,803,486
Administration	9,409,871	61,004	-	9,470,875	9,082,818	61,004	-	9,143,822
Depreciation	7,805,299	-	-	7,805,299	7,637,852	-	-	7,637,852
Interest expense	5,153,237	-	-	5,153,237	5,171,015	-	-	5,171,015
Total expenses	129,489,382	61,004	-	129,550,386	126,807,965	61,004	-	126,868,969
CHANGE IN NET ASSETS FROM OPERATIONS	158,466	1,589,193	463,389	2,211,048	4,103,970	(147,475)	925,140	4,881,635
NONOPERATING ITEMS								
Net realized and unrealized gains (losses) on investments, and other investment income	(38,128,667)	(776,975)	(1,845,015)	(40,750,657)	17,066,397	(25,372)	(1,387,987)	15,653,038
Other, net	(64,246)	(371,033)	434,976	(303)	(294,940)	23,994	145,067	(125,879)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(38,034,447)	441,185	(946,650)	(38,539,912)	20,875,427	(148,853)	(317,780)	20,408,794
DISPOSAL OF ASSETS AND LIABILITIES FROM DISCONTINUED OPERATIONS	-	-	-	-	(569,072)	(20,000)	(200,000)	(789,072)
CHANGE IN NET ASSETS	(38,034,447)	441,185	(946,650)	(38,539,912)	20,306,355	(168,853)	(517,780)	19,619,722
NET ASSETS, BEGINNING OF YEAR	316,474,276	12,020,093	79,424,303	407,918,672	296,167,921	12,188,946	79,942,083	388,298,950
NET ASSETS, END OF YEAR	$ 278,439,829	$ 12,461,278	$ 78,477,653	$ 369,378,760	$ 316,474,276	$ 12,020,093	$ 79,424,303	$ 407,918,672

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

BUCKNER INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (38,539,912)	$ 19,619,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,805,299	7,637,852
Amortization	(549,408)	(581,281)
Increase in accretion expense and ARO revisions	58,894	56,341
Gain on sales of real estate held for investment	(18,897)	(1,116,092)
Net realized and unrealized losses (gains) on investments	40,750,657	(15,653,038)
Changes in operating assets and liabilities:		
Assets whose use is limited	(4,522,674)	82,123
Receivables	369,348	(3,353,848)
Inventories and supplies	(11,092)	(63,836)
Prepaid expenses	1,550,585	496,114
Other assets	(1,516,058)	(1,193,755)
Interest in net assets of related foundation	-	7,567,089
Assets from discontinued operations	-	1,107,085
Accounts payable	89,809	158,359
Accrued liabilities	527,835	(112,290)
Resident deposits	4,188	108,931
Refundable fees	4,476,450	(99,128)
Deferred revenue from advance fees	506,164	164,060
Annuity and life income fund liability	(3,760)	12,595
Liabilities from discontinued operations	-	(318,013)
Other liabilities	(132,670)	(144,286)
Net cash provided by operating activities	10,844,758	14,374,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,329,559)	(12,296,983)
Purchases of investments	(5,451,390)	(13,641,024)
Proceeds on sales or redemptions of investments	6,816,147	5,244,294
Proceeds from sales of real estate held for investment	85,697	1,483,873
Net cash used in investing activities	(11,879,105)	(19,209,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revenue bonds payable and notes payable	5,778,201	8,480,353
Payments on revenue bonds payable and short-term notes payable	(3,790,839)	(5,215,865)
Net cash provided by financing activities	1,987,362	3,264,488
NET CHANGE IN CASH AND CASH EQUIVALENTS	953,015	(1,570,648)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,305,226	16,875,874
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 16,258,241	$ 15,305,226
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 5,166,168	$ 5,223,914
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Financing of insurance contract	$ 1,464,706	$ 980,574

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

NOTE 1. NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

Buckner International (Buckner) is a Texas not-for-profit 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.

Effective January 1, 2010, Buckner Retirement Services, Inc. (BRS) acquired Baptist Memorials Ministries (BMM). BMM is a 501(c)(3) not-for-profit corporation that provides health care, housing and other related services to residents through the operation of a continuing care retirement community in San Angelo, Texas and an independent living community in Burnet, Texas. BRS is the sole member and approves the nomination and placement of the Board of Directors for BMM.

Buckner Senior Living, Inc. (BSL), a Texas not-for-profit corporation, was established on December 14, 2012 to develop and operate a continuing care retirement community to be located in Dallas, Texas in order to expand its affiliate's mission of providing quality housing, health care services and other programs to senior citizens. BRS is the sole member and elects the Board of Directors for BSL. BSL is exempt from Federal income taxation under 501(c)(3) of the Internal Revenue Code.

Buckner consolidates the following not-for-profit corporations:

- Buckner Children and Family Services, Inc. (includes subsidiaries - Rio Grande Children's Home, Rio Grande Children's Home Foundation Inc., and MFHL Corporation) – collectively BCFS
- BRS (includes subsidiaries BMM and BSL)
- Buckner Adoption and Maternity Services, Inc. (BAMS)
- Buckner Foundation, Inc. (Foundation)

The Board of Trustees of Buckner serve as directors of Buckner Children and Family Services, Inc., Buckner Retirement Services, Inc., and Buckner Adoption and Maternity Services, Inc. Buckner and the corporations are exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

Effective January 1, 2014, BCFS, BRS and BAMS each approve one–third (1/3) of the members of the Board of Trustees of the Foundation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Buckner and changes therein are classified and reported as follows:

- Permanently restricted net assets - 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. In 2015 and 2014, these assets are made up of a portion of cash and cash equivalents and investments.

- Temporarily restricted net assets - 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 2015 and 2014, these assets are made up of a portion of cash and cash equivalents, investments, and pledges and bequests receivable.

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Restricted contributions received and released in the current year will be reported as unrestricted net asset activity.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets (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 temporarily restricted net asset class, and a reclassification to unrestricted net assets 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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 fund-raising activity. There was no allowance for uncollectible contributions at December 31, 2015 and 2014.

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

- As increases (decreases) in permanently restricted net assets if the terms of the gift require that they be included in the principal of a permanent endowment fund;

- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use;

- As increases (decreases) in unrestricted net assets in all other cases.

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 consists of funds held for use for debt service payments for revenue bonds payable and for entrance fee deposits held for the development of a continuing care retirement community by Buckner Senior Living. Certain residents have deposited funds in an escrow account maintained for their benefit. The funds are refundable to the resident prior to their entrance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Receivables and Notes Receivable

Receivables are primarily due from clients served and from government agencies. Notes receivable are due from clients served and from sales of real estate. Receivables are written off when they become uncollectible. The allowance for doubtful accounts is determined by management on the specific identification method after review of each receivable at year-end.

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 two to forty years. Buckner capitalizes items in excess of $5,000 with a useful life of at least one year.

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.

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. Amortization of bond issuance costs is included within administration expense in the consolidated statements of activities.

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 payers, and others as services are rendered. Revenue under third-party payer arrangements (Medicaid and Medicare) is subject to audit and retroactive adjustment. Provisions for third-party payer 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. Investment income is recognized at the time it is earned.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 $1,253,425 and $1,217,431 for the years ended December 31, 2015 and 2014, respectively, and are included in administration expense on the accompanying consolidated statements of activities.

Direct-response advertising relates to costs of acquiring initial continuing-care contracts that are expected to be recovered from future contract revenues. These costs are amortized to expense on a straight-line basis over the average expected remaining lives of the residents under contract or the contract term, if shorter (actuarial studies typically provide a range of 12 to 14 years). Deferred direct-response advertising costs of $684,879 and $785,053 were reported in other assets, in Buckner's consolidated statements of financial position as of December 31, 2015 and 2014, respectively.

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 from the change in net assets from operations, gains and losses on sales of facilities and realized and unrealized gains and losses on investments.

Use of Estimates

The preparation of 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 non-refundable 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.

Reclassifications

Certain accounts relating to the prior period have been restated to conform to current year's presentation. The reclassifications have no effect on prior period change in net assets or total net assets.

Subsequent Events

The date to which events occurring after December 31, 2015, 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 12, 2016, the date these consolidated financial statements were available to be issued. During this period, the following occurred:

On May 5, 2016, BRS, through the Tarrant County Cultural Education Facilities Finance Corporation (the Issuer), 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 by the Issuer to BRS to (1) finance the construction and expansion of certain retirement facilities located in Austin, Beaumont, and Longview, Texas and (2) to refinance a portion of the Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds, Series 2007, (2007 Bonds). Semi-annual interest payments begin November 15, 2016. Total principal and interest payments are approximately $5,400,000 each year from November 15, 2016 through November 15, 2037.

NOTE 3. INVESTMENTS

Investments consist of the following:

	December 31, 2015	December 31, 2014
Balanced fund held by HighGround Advisors	$ 162,982,840	$ 157,991,651
Equity securities - domestic	49,675,446	48,085,157
Equity securities - international	7,654,054	7,840,763
Corporate bonds	3,791,264	5,598,897
U.S. government agencies	5,075,297	5,923,399
Money market funds	18,315,279	28,608,420
Bond mutual funds	13,680,728	7,948,965
Mineral interests	40,085,656	62,768,418
Other	13,938,958	32,598,191
	$ 315,199,522	$ 357,363,861

The following summarizes investment return:

	Years ended December 31, 2015	Years ended December 31, 2014
Operating		
Dividend and interest income	$ 26,809,098	$ 28,084,472
Nonoperating		
Net realized and unrealized gain (loss) on investments	(40,750,657)	15,653,038
	$ (13,941,559)	$ 43,737,510

NOTE 4. RECEIVABLES

Receivables are recorded net of the allowance for doubtful accounts as follows:

	December 31, 2015	December 31, 2014
Receivables, gross	$ 6,670,337	$ 8,049,358
Allowance for doubtful accounts	(318,358)	(360,678)
Receivables, net	$ 6,351,979	$ 7,688,680

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:

	December 31, 2015	December 31, 2014
Pledges and bequests receivable, gross	$ 3,312,357	$ 2,283,136
Less unamortized discount at 2.24% and 2.21% at December 31, 2015 and 2014, respectively	(53,473)	(50,627)
Pledges and bequests receivable, net	$ 3,258,884	$ 2,232,509

The maturity of pledges and bequests receivable at December 31, 2015 is as follows:

Less than one year	$ 1,442,463
One to five years	1,869,894
	$ 3,312,357

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated useful life	December 31, 2015	December 31, 2014
Buildings	10 - 40 years	$ 190,513,286	$ 184,167,064
Furniture and equipment	5 - 10 years	30,029,776	28,887,216
Vehicles	2 - 4 years	2,426,500	2,406,519
Land improvements	5 - 20 years	16,757,163	16,636,788
Total		239,726,725	232,097,587
Less accumulated depreciation		(109,553,513)	(102,263,377)
		130,173,212	129,834,210
Projects-in-process		15,264,811	10,233,393
Land		14,050,587	14,045,632
Property and equipment, net		$ 159,488,610	$ 154,113,235

Depreciation expense was $7,805,299 and $7,637,852 for the years ended December 31, 2015 and 2014, respectively.

NOTE 8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31,	
	2015	2014
Employee vacation and sick pay	$ 647,014	$ 620,805
Employee health benefits	731,626	630,000
Nonsubscriber occupational injury	100,000	100,000
Property taxes	241,451	242,118
Wages and payroll related	1,309,752	1,298,624
Interest on revenue bonds and notes payable	619,230	606,299
Professional and general liability insurance	400,000	400,000
Other	474,620	98,012
	$ 4,523,693	$ 3,995,858

NOTE 9. DEBT

In 2007, BRS, through the Tarrant County Cultural Education Facilities Finance Corporation (the Issuer), issued $104,755,000 of tax-exempt bonds, and is the sole obligated party on the issuance. The proceeds generated by the sale of the bonds were loaned by the Issuer to BRS to (1) finance the construction and expansion of certain retirement facilities located in Austin, Longview, Beaumont, and Houston, Texas and (2) to refinance the Bell County Health Facilities Development Corporation Retirement Facility Revenue Bonds, Series 1998, (1998 Bonds). Semi-annual interest payments began November 15, 2007. Total principal and interest payments are approximately $7,000,000 each year from November 15, 2008 through November 15, 2037. As of December 31, 2015 and 2014, the unamortized premium on the bonds was $1,583,523 and $1,656,158, respectively.

The BRS Master Trust Indenture dated July 27, 2007 requires compliance with certain covenants. BRS is required to maintain a reserve fund to cover a year's debt service. BRS has entered into investment contracts with assets valued at $9,118,508 and $9,306,104 as of December 31, 2015 and 2014, respectively, which are recorded as a portion of revenue bond proceeds held by trustee in the consolidated statements of financial position. The obligations under the Master Trust Indenture are further secured by a Credit and Support Agreement dated July 27, 2007 with Buckner Foundation, Inc.

In 2007, BMM issued the Series 2007 Reagan County Health Facilities Development Corporation Revenue Bonds dated August 1, 2007. The bonds were paid off in April of 2014 through a refinancing with First Financial Bank with the issuance of commercial debt. The bonds were secured by the HighGround Advisors Endowment income, and the current commercial debt is also secured by this income.

NOTE 9. DEBT – CONTINUED

On May 5, 2016, BRS, through the Tarrant County Cultural Education Facilities Finance Corporation, refinanced a portion of the series 2007 revenue bonds. Total principal and interest payments on the remaining $50,480,000 outstanding series 2007 revenue bonds is approximately $3,900,000 annually.

A summary of debt is as follows:

	December 31, 2015	December 31, 2014
Revenue bonds payable		
Series 2007 revenue bonds, interest rates of 5.00% to 5.25%, net of unamortized premium	$ 91,603,523	$ 93,846,158
Lines of credit		
With JPMorganChase, variable interest rate currently at 3.25% expiring September 2016	1,100,000	1,100,000
With FFIN San Angelo, variable interest rate currently at 4.25% expiring April 2016	293,479	46,851
With FFIN San Angelo, variable interest rate expired April 2015	-	300,000
Notes payable		
With JPMorganChase, variable interest rate currently at 1.66% expiring October 2017	11,717,858	8,995,341
With FFIN San Angelo, interest rate of 4.00%, expiring April 2021	2,555,479	2,603,603
With FFIN San Angelo, variable interest rate currently at 2.75% expiring June 2016	-	63,075
With FFIN San Angelo, variable interest rate currently at 4.0% expiring September 2019	468,874	493,890
With FFIN San Angelo, interest rate of 3.75%, expiring July 2016	4,213,257	1,404,201
Short-term notes payable		
Insurance contract notes, interest rates range from 3.20% to 7.75% expiring 2017	1,260,656	980,574
	$ 113,213,126	$ 109,833,693

NOTE 9. DEBT – CONTINUED

Scheduled debt repayments on short-term notes payable, lines of credit and revenue bonds at December 31, 2015 are as follows:

Year ending December 31,	Short-term Notes Payable	Lines of Credit	Notes Payable	Revenue Bonds	Total
2016	$ 1,193,916	$ 1,393,479	$ 4,305,530	$ 2,280,000	$ 9,172,925
2017	66,740	-	11,814,270	2,395,000	14,276,010
2018	-	-	100,382	2,515,000	2,615,382
2019	-	-	104,515	2,645,000	2,749,515
2020	-	-	108,522	2,785,000	2,893,522
Thereafter	-	-	2,522,249	77,400,000	79,922,249
	1,260,656	1,393,479	18,955,468	90,020,000	111,629,603
Add amount representing premium	-	-	-	1,583,523	1,583,523
	$ 1,260,656	$ 1,393,479	$ 18,955,468	$ 91,603,523	$ 113,213,126

NOTE 10. RETIREMENT PLANS

Buckner provides a defined contribution retirement plan (the Plan) for its employees. Employees 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. Contributions to the plans by Buckner for the years ended December 31, 2015 and 2014 were $1,933,074 and $1,746,617, respectively.

NOTE 11. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities on a functional basis are as follows:

	Years ended December 31, 2015	2014
General and administrative	$ 11,887,843	$ 11,119,731
Children and family services	42,817,082	42,333,227
Retirement and healthcare services	67,538,921	66,554,370
Adoption and maternity services	859,784	477,028
Development	6,446,756	6,384,613
Total expenses	$ 129,550,386	$ 126,868,969

NOTE 11. FUNCTIONAL ALLOCATION OF EXPENSES – CONTINUED

Buckner incurred $1,473,465 and $1,468,447 in expenses relating to fundraising activities during the years 2015 and 2014, respectively. These expenses are included in development expense above and were carried out within the Foundation for the benefit of Buckner.

NOTE 12. LEASES

Buckner has noncancelable operating lease agreements for office space that expire during 2025. Future annual minimum lease payments due under those leases are as follows:

Year ending December 31,	
2016	$ 1,193,658
2017	1,048,300
2018	1,068,695
2019	991,792
2020	905,801
Thereafter	4,219,908
	$ 9,428,154

Rent expense under all operating leases for the years ended December 31, 2015 and 2014 was $1,054,001 and $591,555, respectively. The cost of Buckner's lease for office space is accounted for by the straight-line method. The difference between the net cash requirements of the lease and the straight-line method is accrued within other liabilities on the consolidated statements of financial position.

NOTE 13. ASSET RETIREMENT OBLIGATION

Asset retirement obligations (ARO's) are recorded under the provisions of the 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 ARO's. The asset retirement obligation as of December 31, 2015 and 2014 was included in other liabilities.

NOTE 13. ASSET RETIREMENT OBLIGATION – CONTINUED

A reconciliation of the asset retirement obligation liability is as follows:

	December 31,	
	2015	2014
Beginning balance	$ 1,300,077	$ 1,243,736
Accretion expense	58,894	56,341
Ending balance	$ 1,358,971	$ 1,300,077

NOTE 14. NET ASSETS RELEASED FROM RESTRICTIONS

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

	Years ended December 31,	
	2015	2014
Capital projects - children and family services	$ 1,378,335	$ 1,464,768
Capital projects - retirement services	22,041	39,048
Program support - children and family services	787,241	627,263
Program support - retirement services	200,000	200,000
	$ 2,387,617	$ 2,331,079

NOTE 15. RELATED PARTY TRANSACTIONS

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.

NOTE 16. FAIR VALUE MEASUREMENTS

The 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.

NOTE 16. FAIR VALUE MEASUREMENTS – CONTINUED

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

Level 2 inputs: 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 inputs: 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.

NOTE 16. FAIR VALUE MEASUREMENTS – CONTINUED

Information related to the financial instruments measured at fair value on a recurring basis at December 31, 2015 and 2014 is as follows:

	December 31, 2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Balanced fund held by HighGround Advisors	$ 162,982,840	$ -	$ 162,982,840	$ -
Equities - domestic	49,675,446	40,143,455	9,531,991	-
Equities - international	7,654,054	5,357,747	2,296,307	-
Corporate bonds	3,791,264	-	3,791,264	-
U.S. government agencies	5,075,297	-	5,075,297	-
Money market funds	18,315,279	-	18,315,279	-
Bond mutual funds	13,680,728	40,716	13,640,012	-
Mineral interests	40,085,656	-	-	40,085,656
Other	13,938,958	-	4,861,415	9,077,543
Pledges and bequests receivable	3,258,884	-	-	3,258,884
Revenue bond proceeds held by trustee	9,118,508	-	9,118,508	-
Annuity funds liabilities for investments held in trust	(5,368,604)	-	-	(5,368,604)

	December 31, 2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Balanced fund held by HighGround Advisors	$ 157,991,651	$ -	$ 157,991,651	$ -
Equities - Domestic	48,085,157	36,294,414	11,790,743	-
Equities - International	7,840,763	5,940,195	1,900,568	-
Corporate bonds	5,598,897	-	5,598,897	-
U.S. government agencies	5,923,399	-	5,923,399	-
Money market funds	28,608,420	-	28,608,420	-
Bond mutual funds	7,948,965	-	7,948,965	-
Mineral interests	62,768,418	-	-	62,768,418
Other	32,598,191	-	15,571,913	17,026,278
Pledges and bequests receivable	2,232,509	-	-	2,232,509
Revenue bond proceeds held by trustee	9,306,104	-	9,306,104	-
Annuity funds liabilities for investments held in trust	(5,608,885)	-	-	(5,608,885)

NOTE 16. 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:

Balanced Fund held by HighGround Advisors

Balanced Fund held by HighGround Advisors 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.

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 twelve months of mineral income, excluding bonus income, and analyzing current industry methodology and recent market conditions.

NOTE 16. FAIR VALUE MEASUREMENTS – CONTINUED

Investments in Mortgage Loans

Investments in mortgage loans are valued by estimating the outstanding principal amounts, adjusted for any allowance for loan losses, with consideration of interest rates and significant change in credit risk.

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 three is based on the discounted value of expected future cash flows.

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

	Other	Mineral Interests	Pledges and Bequests Receivable	Annuity Funds Liabilities for Investments Held in Trust
December 31, 2013	$ 591,049	$ 1,545,213	$ 1,710,557	$ (385,085)
Additions - Foundation	16,611,080	61,684,226	-	(5,142,103)
Distributions	-	-	(1,639,600)	-
Contributions	-	-	2,147,712	(100,000)
Net realized and unrealized change in investment valuation	(175,851)	(461,021)	13,840	18,303
December 31, 2014	17,026,278	62,768,418	2,232,509	(5,608,885)
Distributions	-	-	(2,098,545)	-
Contributions	-	-	3,124,920	(99,389)
Net realized and unrealized change in investment valuation	(7,948,735)	(22,682,762)	-	339,670
December 31, 2015	$ 9,077,543	$ 40,085,656	$ 3,258,884	$ (5,368,604)

NOTE 17. ENDOWMENTS 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.

NOTE 17. ENDOWMENTS HELD IN FOUNDATION – CONTINUED

The Foundation has interpreted Texas' enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), addressed primarily by the Codification, accounting for not-for-profit 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.

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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investments 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 (US and non-US stocks), fixed income instruments, and a small allocation of alternative investments to achieve its long-term return objective within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year 5-6% of the endowment's investable asset value. 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.

Temporarily Restricted Net Assets are restricted for donor imposed stipulations that may be met by actions of the Foundation and/or passage of time to be used generally for capital expenditures and program support.

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

	Temporarily Restricted		Permanently Restricted	
	2015	2014	2015	2014
Net assets	$ 2,959,843	$ 2,968,720	$ 58,031,193	$ 57,977,879

NOTE 17. ENDOWMENTS HELD IN FOUNDATION – CONTINUED

For the years ended December 31, 2015 and 2014, the Foundation had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	$ 3,021,401	$ 58,381,982	$ 61,403,383
Investment return			
Investment income	-	149,859	149,859
Net realized/unrealized gains (losses)	(107,681)	(1,376,779)	(1,484,460)
Total investment return	(107,681)	(1,226,920)	(1,334,601)
Contributions to endowment	55,000	822,817	877,817
Endowment net assets, December 31, 2014	2,968,720	57,977,879	60,946,599
Investment return			
Investment income	-	171,871	171,871
Net realized/unrealized gains (losses)	(148,877)	(813,720)	(962,597)
Total investment return	(148,877)	(641,849)	(790,726)
Contributions to endowment	140,000	695,163	835,163
Endowment net assets, December 31, 2015	$ 2,959,843	$ 58,031,193	$ 60,991,036

NOTE 18. 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.

Buckner maintains a standby letter of credit with a bank for $200,000. The letter of credit is required by the insurance company for Buckner's professional and general liability insurance policies from prior years. As of December 31, 2015 and 2014, no amounts are outstanding under the letter of credit. At December 31, 2015 and 2014, Buckner maintained a $400,000 reserve for prior years' professional and general liability insurance.

NOTE 18. COMMITMENTS AND CONTINGENCIES – CONTINUED

Buckner is partially insured for employee health benefits and its non-subscriber occupational injury plan. For employee health benefits, Buckner has a stop-loss limit of $150,000 per person per year and BMM has a stop-loss limit of $70,000 per person per year. At December 31, 2015 and 2014, Buckner has accrued $731,626 and $630,000, respectively, for employee health benefits. For the non-subscriber occupational injury plan, Buckner has a stop-loss limit of $100,000 per incident per year. At December 31, 2015 and 2014, Buckner has accrued $100,000 for the non-subscriber occupational injury plan.

NOTE 19. FEDERAL INCOME TAXES

The 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, 2015, there were no interest or penalties recorded or included in the financial statements. As of December 31, 2015, Buckner's tax years 2012 and thereafter remain subject to examination.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
Buckner International

We have audited the consolidated financial statements of Buckner International and Subsidiaries (collectively, Buckner) as of and for the year ended December 31, 2015 and 2014, and our report thereon dated May 12, 2016, 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 statement as a whole. The supplementary consolidating statement of financial position and consolidating statements 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.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
May 12, 2016

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL
WEAVER AND TIDWELL, L.L.P.
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BUCKNER INTERNATIONAL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

ASSETS	Buckner International	Buckner Children and Family Services, Inc.	Buckner Retirement Services, Inc.	Buckner Adoption and Maternity Services, Inc.	Buckner Foundation	Eliminations	2015 Consolidated Total	2014 Consolidated Total
ASSETS								
Cash and cash equivalents	$ 1,966,448	$ 5,482,020	$ 5,066,157	$ 90,150	3,653,466	$ -	$ 16,258,241	$ 15,305,226
Investments	-	3,480,940	27,287,135	-	284,431,447	-	315,199,522	357,363,861
Assets whose use is limited	-	-	5,247,222	-	-	-	5,247,222	724,548
Receivables, net	270,609	999,425	3,736,583	6,826	1,522,421	(183,885)	6,351,979	7,688,680
Pledges and bequests receivable, net	-	3,258,884	-	-	-	-	3,258,884	2,232,509
Inventories and supplies	-	-	229,029	-	-	-	229,029	217,937
Notes receivable	-	-	80,693	-	-	-	80,693	139,715
Prepaid expenses	451,281	60,690	961,035	-	-	-	1,473,006	1,558,885
Due from other companies, net	11,362,047	-	-	-	3,150	(11,365,197)	-	-
Other assets	-	-	3,394,688	-	-	-	3,394,688	1,978,808
Revenue bond proceeds held by trustee	-	-	9,118,508	-	-	-	9,118,508	9,306,104
Real estate held for investment	1,368,261	205,765	-	-	-	-	1,574,026	1,491,937
Property and equipment, net	1,275,907	34,209,691	124,122,691	14,876	5,407	(139,962)	159,488,610	154,113,235
Bond issuance costs, net	-	-	1,114,426	-	-	-	1,114,426	1,165,526
TOTAL ASSETS	16,694,553	47,697,415	180,358,167	111,852	289,615,891	(11,689,044)	$ 522,788,834	$ 553,286,971
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable	$ 81,691	$ 873,752	$ 911,713	$ 21,294	$ 39,584	$ -	$ 1,928,034	$ 1,838,225
Accrued liabilities	394,879	866,701	3,148,893	45,511	67,709	-	4,523,693	3,995,858
Lines of credit	1,100,000	-	293,479	-	-	-	1,393,479	1,446,851
Short-term notes payable	992,049	-	268,607	-	-	-	1,260,656	980,574
Revenue bonds payable, net	-	-	91,603,523	-	-	-	91,603,523	93,846,158
Notes payable	-	-	18,955,468	-	-	-	18,955,468	13,560,110
Resident deposits	-	-	2,021,418	-	-	-	2,021,418	2,017,230
Refundable fees	-	-	21,557,321	-	-	-	21,557,321	17,080,871
Deferred revenue from advance fees	-	-	2,694,832	-	-	-	2,694,832	2,816,715
Annuity and life income fund liability	-	89,693	244,148	-	5,034,763	-	5,368,604	5,608,885
Other	250,287	1,318,381	568,822	36,784	112,657	(183,885)	2,103,046	2,176,822
Due to other companies, net	-	8,254,821	3,074,603	35,773	-	(11,365,197)	-	-
Total liabilities	2,818,906	11,403,348	145,342,827	139,362	5,254,713	(11,549,082)	153,410,074	145,368,299
NET ASSETS								
Unrestricted	13,875,647	31,247,030	10,136,810	(49,838)	223,370,142	(139,962)	278,439,829	316,474,276
Temporarily restricted	-	4,641,325	4,837,782	22,328	2,959,843	-	12,461,278	12,020,093
Permanently restricted	-	405,712	20,040,748	-	58,031,193	-	78,477,653	79,424,303
Total net assets	13,875,647	36,294,067	35,015,340	(27,510)	284,361,178	(139,962)	369,378,760	407,918,672
TOTAL LIABILITIES AND NET ASSETS	$ 16,694,553	$ 47,697,415	$ 180,358,167	$ 111,852	$ 289,615,891	$ (11,689,044)	$ 522,788,834	$ 553,286,971

BUCKNER INTERNATIONAL
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	Buckner International	Buckner Children and Family Services, Inc.	Buckner Retirement Services, Inc.	Buckner Adoption and Maternity Services, Inc.	Buckner Foundation	Eliminations	2015 Consolidated Total	2014 Consolidated Total
REVENUES								
Client support and related income	$ -	$ 13,328,961	$ 65,305,661	$ 21,585	$ -	$ -	$ 78,656,207	$ 78,295,911
Investment income	74,261	586,415	1,886,077	1	24,262,344	-	26,809,098	28,084,472
Distributions from related foundation	8,988,400	8,360,086	233,388	897,526	-	(18,479,400)	-	-
Contributions								
Baptist General Convention of Texas	-	295,188	166,203	12,860	-	-	474,251	631,594
Individual and business gifts	3,656	22,924,928	248,499	16,450	385,580	-	23,579,113	22,592,677
Bequests	153,334	280,668	2,054	-	1,314,141	-	1,750,197	382,629
Gain (loss) on sales of real estate held for investment	18,897	-	-	-	-	-	18,897	1,116,092
Other	56,024	315,668	101,979	-	-	-	473,671	647,229
Administrative fees	4,365,999	-	-	-	1,736,000	(6,101,999)	-	-
Total revenues	13,660,571	46,091,914	67,943,861	948,422	27,698,065	(24,581,399)	131,761,434	131,750,604
EXPENSES								
Salaries and benefits	7,519,428	15,144,684	36,289,669	613,199	3,865,148	-	63,432,128	61,656,268
Supplies and direct expenses	3,854	17,762,136	8,890,935	90,933	8,590	-	26,756,448	27,250,258
Occupancy and insurance	1,247,250	4,102,419	7,779,620	28,715	73,088	-	13,231,092	12,206,268
Travel and transportation	303,445	2,507,565	664,160	59,189	166,948	-	3,701,307	3,803,486
Administration	4,190,917	5,359,382	5,040,040	163,053	819,482	(6,101,999)	9,470,875	9,143,822
Depreciation	219,234	1,401,339	6,176,694	695	7,337	-	7,805,299	7,637,852
Interest expense	17,909	61	5,135,267	-	-	-	5,153,237	5,171,015
Total expenses	13,502,037	46,277,586	69,976,385	955,784	4,940,593	(6,101,999)	129,550,386	126,868,969
CHANGE IN NET ASSETS FROM OPERATIONS	158,534	(185,672)	(2,032,524)	(7,362)	22,757,472	(18,479,400)	2,211,048	4,881,635
NONOPERATING ITEMS								
Net realized and unrealized gains on investments	-	(177,443)	(2,191,400)	-	(38,381,814)	-	(40,750,657)	15,653,038
Distributions to related entities	1,267,000	-	(1,267,000)	-	(18,479,400)	18,479,400	-	-
Other, net	(807,516)	1,966,809	(144,395)	937	(1,016,138)	-	(303)	(125,879)
CHANGE IN NET ASSETS	618,018	1,603,694	(5,635,319)	(6,425)	(35,119,880)	-	(38,539,912)	20,408,794
DISPOSAL OF ASSETS AND LIABILITIES FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-	-	(789,072)
NET ASSETS, BEGINNING OF YEAR	13,257,629	34,690,373	40,650,659	(21,085)	319,481,058	(139,962)	407,918,672	388,298,950
NET ASSETS, END OF YEAR	$ 13,875,647	$ 36,294,067	$ 35,015,340	$ (27,510)	$ 284,361,178	$ (139,962)	$ 369,378,760	$ 407,918,672