

Financial Statements Together with
Report of Independent Certified Public Accountants

AMERICAN BIBLE SOCIETY

June 30, 2015 and 2014

AMERICAN BIBLE SOCIETY

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Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017
T 212.599.0100
F 212.370.4520
GrantThornton.com
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/grantthorntonus)
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the
American Bible Society:

We have audited the accompanying financial statements of American Bible Society (the “Society”), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Bible Society as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
December 17, 2015

AMERICAN BIBLE SOCIETY
Statements of Financial Position
As of June 30, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	\$ 2,732,337	\$ 4,893,528
Accounts, contributions, program loan and accrued interest receivables, net of allowance of \$672,182 in 2015 and \$762,683 in 2014	9,969,761	4,703,130
Amounts held in escrow (Note 7)	35,009,394	-
Inventories, net (Note 3)	2,829,890	5,413,440
Prepaid expenses and other assets	5,337,248	1,530,804
Investments (Note 4)	706,731,760	459,722,526
Beneficial interest in investments held by third-party trustees (Note 6)	25,613,973	26,489,627
Building held for sale (Note 7)	-	22,634,074
Fixed assets, net (Note 7)	<u>12,926,417</u>	<u>3,061,190</u>
Total assets	<u>\$ 801,150,780</u>	<u>\$ 528,448,319</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 24,376,263	\$ 16,650,555
Payable under securities loan agreement (Note 4)	3,113,711	3,814,974
Deferred allowance from lease activity (Note 10)	13,589,835	-
Obligations under charitable remainder trusts (Note 2)	5,905,458	5,199,803
Annuities payable (Note 2)	26,310,910	23,187,412
Deferred revenue under life income agreements (Note 2)	5,426,110	5,058,809
Accrued postretirement benefits (Note 9)	<u>35,872,068</u>	<u>38,657,951</u>
Total liabilities	<u>114,594,355</u>	<u>92,569,504</u>
 Commitments and Contingencies (Notes 4 and 10)		
NET ASSETS (Note 2)		
Unrestricted:		
Undesignated	3,133,115	4,400,657
Designated for specific operating purposes (Note 8)	30,136,652	17,132,136
Funds functioning as endowment (Notes 8 and 12)	564,818,780	302,831,906
Land, building, and equipment	<u>5,976,204</u>	<u>25,192,646</u>
Total unrestricted	604,064,751	349,557,345
Temporarily restricted (Note 8)	41,134,470	44,805,628
Permanently restricted (Notes 8 and 12)	<u>41,357,204</u>	<u>41,515,842</u>
Total net assets	<u>686,556,425</u>	<u>435,878,815</u>
Total liabilities and net assets	<u>\$ 801,150,780</u>	<u>\$ 528,448,319</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN BIBLE SOCIETY
Statements of Activities
For the years ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES								
Operating revenues:								
Contributions	\$ 22,006,080	\$ 10,954,857	\$ -	\$ 32,960,937	\$ 22,022,851	\$ 11,111,031	\$ 10,000	\$ 33,143,882
Legacies	26,343,918	16,303	-	26,360,221	6,122,600	-	591,394	6,713,994
Scripture sales (Note 3)	6,235,983	-	-	6,235,983	8,108,179	-	-	8,108,179
Other	3,350,350	52,627	-	3,402,977	3,318,548	71,447	-	3,389,995
Net assets released from restrictions and reclassifications	13,910,037	(14,702,828)	792,791	-	10,217,718	(10,217,718)	-	-
Total operating revenues	71,846,368	(3,679,041)	792,791	68,960,118	49,789,896	964,760	601,394	51,356,050
Operating expenses (Note 11)								
Program services								
Scripture engagement and distribution:								
National ministries	39,421,979	-	-	39,421,979	40,420,286	-	-	40,420,286
International ministries (Note 5)	31,780,085	-	-	31,780,085	27,104,096	-	-	27,104,096
Total program services	71,202,064	-	-	71,202,064	67,524,382	-	-	67,524,382
Supporting services:								
Administration	8,618,428	-	-	8,618,428	5,776,038	-	-	5,776,038
Development	10,750,799	-	-	10,750,799	9,989,476	-	-	9,989,476
Total supporting services	19,369,227	-	-	19,369,227	15,765,514	-	-	15,765,514
Total operating expenses	90,571,291	-	-	90,571,291	83,289,896	-	-	83,289,896
Changes in net assets from operating activities, before investment return appropriated for operations	(18,724,923)	(3,679,041)	792,791	(21,611,173)	(33,500,000)	964,760	601,394	(31,933,846)
Investment return appropriated for operations (Note 4)	42,016,726	-	2,297	42,019,023	23,955,648	-	-	23,955,648
Changes in net assets from operating activities	23,291,803	(3,679,041)	795,088	20,407,850	(9,544,352)	964,760	601,394	(7,978,198)
NONOPERATING ACTIVITIES								
Investment return appropriated for capital activities (Note 4)	8,501,700	-	-	8,501,700	14,074,922	-	-	14,074,922
Investment (losses) gains, net of amounts appropriated for operations (Note 4)	(48,600,098)	734,137	49,800	(47,816,161)	22,015,801	6,400,936	19,609	28,436,346
Gain on sale of headquarters building, net (Depreciation) appreciation in fair value of third-party trusts (Notes 4 and 6)	-	-	(1,003,526)	(1,003,526)	-	-	4,645,423	4,645,423
Change in value of split-interest agreements	(5,997,228)	(726,254)	-	(6,723,482)	(2,136,698)	(12,956)	-	(2,149,654)
Pension related activity other than net periodic pension expense	2,640,740	-	-	2,640,740	586,943	-	-	586,943
Changes in net assets from nonoperating activities	231,215,603	7,883	(953,726)	230,269,760	34,540,968	6,387,980	4,665,032	45,593,980
Changes in net assets	254,507,406	(3,671,158)	(158,638)	250,677,610	24,996,616	7,352,740	5,266,426	37,615,782
Net assets, beginning of year	349,557,345	44,805,628	41,515,842	435,878,815	324,560,729	37,452,888	36,249,416	398,263,033
Net assets, end of year	\$ 604,064,751	\$ 41,134,470	\$ 41,357,204	\$ 686,556,425	\$ 349,557,345	\$ 44,805,628	\$ 41,515,842	\$ 435,878,815

The accompanying notes are an integral part of these financial statements.

AMERICAN BIBLE SOCIETY
Statement of Functional Expenses
For the year ended June 30, 2015

	Program Services			Supporting Services			Total
	National Ministries	International Ministries	Total	Administration	Development	Total	
Bible ministry grants	\$ 2,999,058	\$ 16,960,242	\$ 19,959,300	\$ -	\$ -	\$ -	\$ 19,959,300
Scripture-based conventions and meetings	227,655	51,469	279,124	32,110	28,644	60,754	339,878
Cost of Scripture and related materials sold	4,681,085	-	4,681,085	-	-	0	4,681,085
Printing, publications and promotions	2,820,849	1,002,528	3,823,377	2,756	2,454,162	2,456,918	6,280,295
Salaries and wages	11,872,644	4,692,315	16,564,959	4,137,506	3,127,892	7,265,398	23,830,357
Employee benefits	3,207,823	1,277,375	4,485,198	1,123,269	849,567	1,972,836	6,458,034
Relocation costs	484,928	352,599	837,527	571,224	165,712	736,936	1,574,463
Pension expense	662,736	481,887	1,144,623	277,255	203,074	480,329	1,624,952
Post-retirement benefits	969,158	704,699	1,673,857	405,449	296,969	702,418	2,376,275
Professional fees	3,520,299	2,473,864	5,994,163	388,026	779,697	1,167,723	7,161,886
Postage and mailing	1,198,763	464,792	1,663,555	11,918	1,200,200	1,212,118	2,875,673
Depreciation	816,676	553,629	1,370,305	119,448	170,787	290,235	1,660,540
Travel and related costs	961,635	676,584	1,638,219	214,224	296,011	510,235	2,148,454
Data processing	1,376,171	172,985	1,549,156	37,075	405,589	442,664	1,991,820
Occupancy	1,802,999	1,074,070	2,877,069	705,787	351,102	1,056,889	3,933,958
Equipment, repairs and rentals	862,434	531,118	1,393,552	160,670	123,505	284,175	1,677,727
Telephone	153,059	68,180	221,239	45,894	42,288	88,182	309,421
Office supplies	265,102	78,628	343,730	48,638	73,914	122,552	466,282
Storage costs	210,016	18,964	228,980	31,398	13,685	45,083	274,063
Insurance	82,375	77,361	159,736	30,953	63,941	94,894	254,630
Memberships and subscriptions	167,046	22,923	189,969	35,294	15,661	50,955	240,924
Legal, tax and audit fees	14,637	5,835	20,472	226,340	8,373	234,713	255,185
Banking and compliance	40,168	29,206	69,374	7,272	73,980	81,252	150,626
Miscellaneous	24,663	8,832	33,495	5,922	6,046	11,968	45,463
Total functional expenses	<u>\$ 39,421,979</u>	<u>\$ 31,780,085</u>	<u>\$ 71,202,064</u>	<u>\$ 8,618,428</u>	<u>\$ 10,750,799</u>	<u>\$ 19,369,227</u>	<u>\$ 90,571,291</u>

The accompanying notes are an integral part of this financial statement.

AMERICAN BIBLE SOCIETY
Statement of Functional Expenses
For the year ended June 30, 2014

	Program Services			Supporting Services			
	National Ministries	International Ministries	Total	Administration	Development	Total	Total
Bible ministry grants	\$ 4,057,933	\$ 14,151,086	\$ 18,209,019	\$ -	\$ -	\$ -	\$ 18,209,019
Scripture-based conventions and meetings	221,871	56,953	278,824	75,959	42,011	117,970	396,794
Cost of Scripture and related materials sold	4,976,514	-	4,976,514	-	-	-	4,976,514
Printing, publications and promotions	3,054,554	1,152,759	4,207,313	2,816	2,607,383	2,610,199	6,817,512
Salaries and wages	11,355,332	3,828,814	15,184,146	2,441,447	2,587,783	5,029,230	20,213,376
Employee benefits	3,306,771	1,215,259	4,522,030	752,783	773,240	1,526,023	6,048,053
Pension expense	794,493	434,809	1,229,302	248,547	209,677	458,224	1,687,526
Post-retirement benefits	1,376,793	515,559	1,892,352	382,605	322,769	705,374	2,597,726
Professional fees	2,708,078	2,148,090	4,856,168	523,840	713,119	1,236,959	6,093,127
Postage and mailing	1,507,494	503,057	2,010,551	10,614	1,238,141	1,248,755	3,259,306
Depreciation and accretion of interest	1,400,651	895,498	2,296,149	478,828	298,548	777,376	3,073,525
Travel and related costs	1,245,775	804,984	2,050,759	195,371	245,194	440,565	2,491,324
Data processing	1,635,362	177,519	1,812,881	18,547	397,510	416,057	2,228,938
Occupancy	958,053	413,281	1,371,334	280,592	174,623	455,215	1,826,549
Equipment, repairs and rentals	807,533	491,050	1,298,583	171,494	113,790	285,284	1,583,867
Telephone	242,583	82,761	325,344	41,269	47,314	88,583	413,927
Office supplies	195,920	45,401	241,321	32,532	59,858	92,390	333,711
Storage costs	257,317	14,269	271,586	7,348	4,031	11,379	282,965
Insurance	85,868	71,972	157,840	27,469	57,997	85,466	243,306
Memberships and subscriptions	125,853	35,315	161,168	23,704	10,174	33,878	195,046
Legal, tax and audit fees	54,635	14,720	69,355	43,883	22,037	65,920	135,275
Banking and compliance	40,851	25,378	66,229	7,419	61,248	68,667	134,896
Miscellaneous	10,052	25,562	35,614	8,971	3,029	12,000	47,614
Total functional expenses	<u>\$ 40,420,286</u>	<u>\$ 27,104,096</u>	<u>\$ 67,524,382</u>	<u>\$ 5,776,038</u>	<u>\$ 9,989,476</u>	<u>\$ 15,765,514</u>	<u>\$ 83,289,896</u>

The accompanying notes are an integral part of this financial statement.

AMERICAN BIBLE SOCIETY
Statements of Cash Flows
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 250,677,610	\$ 37,615,782
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	1,870,542	3,463,027
Change in provision for obsolete and slow-moving inventory	1,562,910	(524,294)
Accretion of interest on conditional asset retirement obligations	-	20,974
Gain on sale of headquarters building, net	(274,670,489)	-
Net unrealized and realized depreciation (appreciation) in fair value of investments	2,439,445	(61,520,548)
Net unrealized and realized depreciation (appreciation) in fair value of third-party trusts	1,003,526	(4,645,423)
Changes in assets and liabilities:		
Increase in accounts and accrued interest receivables	(5,266,631)	(140,480)
Increase in amounts held in escrow	(35,009,394)	-
Decrease in inventories	1,020,640	1,337,384
(Increase) decrease in prepaid expenses and other assets	(3,806,444)	35,175
Increase in contributions receivable and beneficial interest in investments held by third-party trustees, excluding split-interest agreements	12,574	-
Increase in accounts payable and accrued expenses	7,024,445	728,058
Increase in deferred allowances from leasing activity, net	13,589,835	-
Decrease in accrued post-retirement benefits	(2,785,883)	(530,718)
Permanently restricted contributions	-	(10,000)
Net cash used in operating activities	<u>(42,337,314)</u>	<u>(24,171,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment securities	652,139,549	308,202,733
Purchases of investment securities	(901,588,229)	(267,651,146)
Proceeds from sale of building, net	297,306,263	-
Acquisition of fixed assets	(11,735,769)	(1,641,067)
Acquisition of air rights for building held for sale	(1,700)	(14,074,922)
Net cash provided by investing activities	<u>36,120,114</u>	<u>24,835,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of new split-interest agreements, in excess of contributions recognized	1,082,110	878,357
Permanently restricted contributions	-	10,000
Change in value of split-interest agreements	6,863,927	2,588,432
Change in value of split-interest agreements held by third-parties	(140,443)	(450,564)
Payments to third-party beneficiaries under split-interest agreements	(4,461,527)	(4,897,767)
Investment income on split-interest agreements held for others	711,942	675,825
Net cash provided by (used in) financing activities	<u>4,056,009</u>	<u>(1,195,717)</u>
Net decrease in cash and cash equivalents	(2,161,191)	(531,182)
Cash and cash equivalents, beginning of year	<u>4,893,528</u>	<u>5,424,710</u>
Cash and cash equivalents, end of year	<u>\$ 2,732,337</u>	<u>\$ 4,893,528</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN BIBLE SOCIETY

Notes to Financial Statements

June 30, 2015 and 2014

1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

The Organization

In 1816, American Bible Society (the “Society”) was founded in New York City as a Christian organization committed to distributing and engaging people with God’s Word in the United States and throughout the world. Serving alongside the whole of the Christian Church, the Society remains dedicated to this original purpose, with a mission “to make the Bible available to every person in a language and format each can understand and afford, so all people may experience its life-changing message.”

Today, the Society invites millions across the globe to experience the profound, life-changing message of the Bible, focusing on:

- **PROVIDE.** *God’s Word reaching millions still waiting.* We deliver God’s Word to hard-to-reach places, bringing hope across barriers of geography, translation, oppression and injustice. Accelerated by new tools, translation and technology, we are committed to eradicating Bible poverty in all its forms.
- **RESTORE.** *God’s Word restoring broken lives.* We bring the life-changing hope of God’s Word to help heal hearts and build the faith of survivors of trauma and injustice.
- **ENGAGE.** *God’s Word transforming church and culture.* We bring God’s Word to cultural channels where the Bible lacks a strong voice and extend our reach to today’s leading churches, inviting millions to reconsider and renew their engagement with God’s Word.

The Society carries out its mission by:

- Affirming the power of God to speak to every generation through the Holy Scriptures;
- Providing translations of the Holy Scriptures that are faithful to the original biblical texts;
- Working in partnership with all Christian churches and Christian communities; and,
- Using the best of today’s technology and tools to allow the Word of God to come alive for both culture-facing Bible advocacy and church-equipping Bible engagement.

The ongoing work of the Society, incorporated in the State of New York in 1841, is dependent on strong contributions from thousands of donors and supporters. The Society has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

While remaining incorporated in the state of New York, the Society relocated to Philadelphia in August 2015 after the sale of its New York City headquarters building in January 2015.

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Society have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Society has elected to present a statement of functional expenses in its financial statements. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The Society classifies its unrestricted net assets as follows:

Undesignated - Net assets which are available for the general use and operating activities of the Society.

Designated for specific operating purposes - Net assets that are designated by the Society for specific operating purposes.

Funds functioning as endowment - Net assets functioning as endowment, the income from which will be used to provide for future operations. The Society’s Board of Trustees annually approves the level of investment return to be appropriated for operations (see Notes 4 and 12).

Land, building, and equipment - Net assets relating to fixed assets that are used in the operations of the Society.

Temporarily restricted - Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time. In addition, earnings on donor-restricted endowment funds are classified as temporarily restricted, pursuant to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), until appropriated for spending by the Board of Trustees.

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use 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 temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The accompanying statements of activities report the changes in net assets by operating and nonoperating activities. Nonoperating activities principally include investment return (loss) net of amounts appropriated for operations, changes in the fair value of third-party trusts, change in value of split-interest agreements, pension related activity, other than net periodic pension expense, and other nonrecurring activities.

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
June 30, 2015 and 2014

Use of Estimates

The preparation of financial statements in conformity with US 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions embodied in the accompanying financial statements relate to actuarial assumptions used to calculate postretirement benefit obligations, the determination of allowances for doubtful accounts, loans and contribution receivables, provision for obsolete and slow-moving inventory, the useful lives assigned to buildings and equipment, obligations under split-interest agreements, and the fair value of certain financial instruments, particularly non-exchange traded alternative investments. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Society classifies deposits in banks, money market accounts, and debt instruments with original maturities of three months or less from the date of purchase as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments on the accompanying statements of financial position.

Bible Ministry Grants Payable

The awarding of grants is reflected on the financial statements at the time they are approved by the Society and the grantee is notified. Grants represent unconditional promises to give and are expected to be paid within one year. Grants payable are included within accounts payable and accrued expenses on the accompanying statements of financial position. As of June 30, 2015 and 2014, the Society had grants payable of \$6,036,064 and \$7,820,038, respectively.

Split-Interest Agreements

Assets held under charitable gift annuities, life income funds, and charitable remainder trusts with the Society acting as trustee are included in investments. The Society's remainder interests under charitable remainder trusts administered by third-parties are reflected as beneficial interest in investments held by third-party trustees. Contribution revenue is recognized at the date these split-interest agreements are established.

Under the Society's charitable gift annuities program and for charitable remainder trusts where the Society is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other stipulated beneficiaries. Under the life income funds, deferred revenue is recorded representing the amount of the discount for future interests.

Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to the Society. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the statement of activities.

While the discount rate used to value split-interest agreements remained constant at 6% at June 30, 2015 and June 30, 2014, the updated IAR-2015 Mortality Table was used to calculate life expectancy at June 30, 2015 versus the 2000CM Mortality Table previously used at June 30, 2014, resulting in an increase in the present value of obligations due under split interest agreements.

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
June 30, 2015 and 2014

The Society is required to segregate assets to act as reserves related to its gift annuity program based on the laws of the State of New York and other states in which it solicits these gifts. Such reserves totaled \$37,515,095 and \$39,376,878 at June 30, 2015 and 2014, respectively, which are in excess of all reserve requirements in all states that require such reserves.

The following tables summarize the changes in the Society's obligations under split-interest agreements for the years ended June 30, 2015 and 2014:

	2015			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2014	\$ 5,199,803	\$ 23,187,412	\$ 5,058,809	\$ 33,446,024
Proceeds of new split-interest agreements	489,418	592,692	-	1,082,110
Change in value of split-interest agreements	516,808	5,996,468	350,651	6,863,927
Payments to third-party beneficiaries under split-interest agreements	(679,175)	(3,467,690)	(314,662)	(4,461,527)
Investment income on split-interest agreements held for others	378,604	2,028	331,312	711,944
Balance at June 30, 2015	<u>\$ 5,905,458</u>	<u>\$ 26,310,910</u>	<u>\$ 5,426,110</u>	<u>\$ 37,642,478</u>

	2014			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2013	\$ 5,083,285	\$ 24,153,265	\$ 4,964,627	\$ 34,201,177
Proceeds of new split-interest agreements	63,621	814,735	-	878,357
Change in value of split-interest agreements	373,651	2,128,776	86,005	2,588,432
Payments to third-party beneficiaries under split-interest agreements	(651,168)	(3,910,830)	(335,769)	(4,897,767)
Investment income on split-interest agreements held for others	330,414	1,466	343,946	675,825
Balance at June 30, 2014	<u>\$ 5,199,803</u>	<u>\$ 23,187,412</u>	<u>\$ 5,058,809</u>	<u>\$ 33,446,024</u>

Building, Equipment, and Depreciation

Prior to the sale of the New York City headquarters building, the building improvements were depreciated over their estimated useful lives of 40 years. Furniture and equipment acquired for greater than \$5,000 and with useful lives greater than one year are capitalized and depreciated over their estimated useful lives, ranging from three to ten years. Depreciation is calculated using the straight-line method. Leasehold improvements installed for greater than \$5,000 are recorded at cost and amortized on a straight-line basis over the lesser of the economic useful life of the respective betterment or the lease period to which they pertain.

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Notes to Financial Statements

June 30, 2015 and 2014

Following the sale of the headquarters building in New York City in January 2015, the Society leased the same previously owned building through August, 2015. Also in August 2015, the Society moved to a new, leased headquarters in Philadelphia, PA. As of June 30, 2015, construction in progress for leasehold improvements in the new headquarters building were not yet placed in service.

Library Collection

The Society maintains a rare Scripture collection held for exhibition, education and research which has been acquired through purchases and contributions since the Society's inception. The Society maintains policies and procedures addressing the collection's upkeep and management. The Society has adopted the policy of not capitalizing its collection, which is insured at a value of approximately \$14 million. Purchases of collections are recorded as decreases in unrestricted net assets in the year in which the items are acquired. A portion of the library collection had been loaned to the Museum of Biblical Art ("MOBIA") through December 2014 for purposes of conservation and exhibition. The loaned portion of the collection was returned to the Society in 2015.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give to the Society after one year are discounted using an appropriate discount rate commensurate with the risks involved (credit adjusted). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Society has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The Society's share of such bequests is recorded when the Society has an irrevocable right to the bequest and the proceeds are measurable.

Scripture Sales, Royalties and Accounts Receivable

Scripture sales, net of discounts, are recorded when shipped and title passes to customers. Royalty income is recognized when earned. Accounts receivable, which principally relate to Scripture sales, are reflected net of an appropriate allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of account balances, including age of the balance and historical collection experience. Such receivables are written-off when determined to be uncollectible.

Fair Value of Financial Instruments

The carrying amounts of financial instruments approximate fair value. The fair value of investments is based on quoted market prices, except for certain investments, principally private equities and similar interests, for which quoted market prices are not readily available. The estimated fair value of these investments is based on valuations provided by external investment managers or by the respective general partner or manager as of the reporting date. Because the fair value of the Society's investment in these assets is not readily available, their estimated value is subject to uncertainty and, therefore, may differ markedly from the value that would have been reported on the accompanying financial statements had a ready market for such investments existed. Such difference could be material. Liabilities under split-interest agreements are reflected based upon the present value of the estimated future payments expected to be made to donors and other beneficiaries (see Note 4).

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
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Concentrations of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds, and alternative investments. The Society maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Society's cash accounts were placed with high credit quality financial institutions and the Society's investment portfolio is diversified with several investment managers in a variety of asset classes. The Society has not experienced, nor does it anticipate, any losses with respect to such accounts.

Income Taxes

Certain of the Society's investments (Note 4) give rise to unrelated business income tax ("UBIT") liabilities. The Society had no UBIT liability for fiscal years ended June 30, 2015 and 2014. No taxes were paid during the fiscal years ended June 30, 2015 and 2014 and the Society has a remaining tax credit of \$130,991 from fiscal year ended June 30, 2013.

In July 2006, guidance was issued in the area of "Accounting for Uncertainty in Income Taxes." The standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. It was effective for the Society on July 1, 2009, and had no material impact on the accompanying financial statements. The tax years ended 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions.

Reclassification

Certain amounts as previously reported in the 2014 financial statements have been reclassified to conform with the 2015 presentation.

Subsequent Events

The Society evaluated its June 30, 2015 financial statements for subsequent events through December 17, 2015, the date the financial statements were available to be issued and other than what has been disclosed in Notes 7 and 10, there are no other matters to report.

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Notes to Financial Statements
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3. INVENTORIES, NET

Inventories are valued at the lower of cost or market under the standard cost method, less an appropriate reserve for slow-moving or obsolete items. Inventories at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Finished Scripture products held for sale	\$ 4,891,079	\$ 5,862,336
Work in process and raw materials	118,841	168,225
	<u>5,009,920</u>	<u>6,030,561</u>
Less: Inventory reserve	(2,180,030)	(617,121)
	<u>\$ 2,829,890</u>	<u>\$ 5,413,440</u>
Components of gross margin:		
Scripture sales	\$ 6,235,983	\$ 8,108,179
Less: cost of Scripture and related materials sold	(4,681,085)	(4,976,514)
Gross margin on Scripture sales	<u>\$ 1,554,898</u>	<u>\$ 3,131,665</u>

4. INVESTMENTS

Investments, at fair value, at June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 167,212,731	\$ 15,172,057
Equities	240,526,745	204,591,841
Fixed income	163,596,439	89,902,868
Private equities	23,940,760	23,626,078
Real assets	38,022,048	49,183,440
Absolute return	73,433,037	77,246,242
	<u>\$ 706,731,760</u>	<u>\$ 459,722,526</u>

The cost of investments totaled \$598,662,210 and \$326,313,210 at June 30, 2015 and 2014, respectively.

Included in investments at June 30, 2015 and 2014 are \$10,607,260 and \$9,196,912, respectively, held under trusts where the Society acts as trustee in connection with its split-interest agreements with donors. Life income agreements of \$10,708,807 and \$11,082,484 at June 30, 2015 and 2014, respectively, are also included in investments.

The Society lends certain equities and bonds included in its investment portfolio to brokerage firms. In return for the securities loaned, the Society receives cash and/or U.S. treasury securities as collateral in amounts at least equal to the fair value of the securities loaned. At June 30, 2015 and 2014, the fair value of the securities (collateral received) included in investments was \$3,113,711 and \$3,814,974, respectively. The Society retains all rights of ownership to the securities loaned and continues to receive all interest and dividend income. The related collateral at June 30, 2015 and 2014 is presented as part of investments and payable under securities loan agreement on the accompanying statements of financial position.

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The Society has committed to investing an additional \$33,322,966 in certain private equity partnerships, which are to be funded primarily over the next 3-5 years, with a maximum commitment period of 12 years.

Fair Value Measurements

The Society adopted guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition for fair value which focuses on an exit price between market participants in an orderly transaction. 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 transparency of information used in the valuation of the respective financial instrument. The standard defines three levels of inputs which may be used to measure fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Society, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments measured using a net asset value (NAV) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which the Society has generally considered to be within 90 days.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and limited partnership and similar interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels as of June 30, 2015:

	Cash /Equiv. & Receivables	Equities	Fixed Income	Alternative Assets			Total
				Private Equity	Real Assets	Absolute Return	
Level 1	\$ 167,212,731	\$ 86,348,900	\$ 96,227,466	\$ -	\$ -	\$ -	\$ 349,789,097
Level 2	-	90,032,587	67,368,973	-	-	-	157,401,560
Level 3	-	64,145,258	-	23,940,760	38,022,048	73,433,037	199,541,103
Total	<u>\$ 167,212,731</u>	<u>\$ 240,526,745</u>	<u>\$ 163,596,439</u>	<u>\$ 23,940,760</u>	<u>\$ 38,022,048</u>	<u>\$ 73,433,037</u>	<u>\$ 706,731,760</u>

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
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The following table summarizes the changes in the Society's Level 3 investments for the year ended June 30, 2015:

	<u>Equities</u>	<u>Fixed Income</u>	<u>Private Equities</u>	<u>Real Assets</u>	<u>Absolute Return</u>	<u>Total</u>
Balance at June 30, 2014	\$ 60,141,069	\$ 258,615	\$ 23,626,078	\$ 49,183,440	\$ 77,246,242	210,455,445
Total net realized gains	3,415	-	1,479,056	1,976,263	10,059,172	13,517,906
Unrealized appreciation (depreciation)	3,748,873	467	3,245,240	(9,415,798)	(8,487,799)	(10,909,017)
Purchases of investments	426,322	-	1,536,893	1,895,413	24,689,991	28,548,619
Proceeds from sales, redemptions, and distributions	(155,265)	-	(5,946,507)	(5,617,270)	(30,074,569)	(41,793,611)
Transfer to level 2	-	(259,082)	-	-	-	(259,082)
Transfer to level 1	(19,156)	-	-	-	-	(19,156)
Balance at June 30, 2015	<u>\$ 64,145,258</u>	<u>\$ -</u>	<u>\$ 23,940,760</u>	<u>\$ 38,022,048</u>	<u>\$ 73,433,037</u>	<u>\$ 199,541,103</u>

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels as of June 30, 2014:

	<u>Cash /Equiv. & Receivables</u>	<u>Equities</u>	<u>Fixed Income</u>	<u>Alternative Assets</u>			<u>Total</u>
				<u>Private Equity</u>	<u>Real Assets</u>	<u>Absolute Return</u>	
Level 1	\$ 15,172,057	\$ 67,660,396	\$ 18,786,288	\$ -	\$ -	\$ -	\$ 101,618,741
Level 2	-	76,790,376	70,857,965	-	-	-	147,648,341
Level 3	-	60,141,069	258,615	23,626,078	49,183,440	77,246,242	210,455,444
Total	<u>\$ 15,172,057</u>	<u>\$ 204,591,841</u>	<u>\$ 89,902,868</u>	<u>\$ 23,626,078</u>	<u>\$ 49,183,440</u>	<u>\$ 77,246,242</u>	<u>\$ 459,722,526</u>

The following table summarizes the changes in the Society's Level 3 investments for the year ended June 30, 2014:

	<u>Equities</u>	<u>Fixed Income</u>	<u>Private Equities</u>	<u>Real Assets</u>	<u>Absolute Return</u>	<u>Total</u>
Balance at June 30, 2013	\$ 54,149,237	\$ 1,343,452	\$ 20,608,735	\$ 42,639,334	\$ 75,458,530	\$ 194,199,288
Total net realized gains	2,460,205	(16,323)	396,253	187,275	24,023,854	27,051,264
Unrealized appreciation (depreciation)	11,254,189	18,505	3,655,093	6,536,385	(15,336,095)	6,128,077
Purchases of investments	8,414,354	5,839	1,961,535	1,925,997	113,431,313	125,739,038
Proceeds from sales, redemptions, and distributions	(16,136,916)	(1,092,858)	(2,995,538)	(2,105,551)	(120,331,360)	(142,662,223)
Transfer to level 1	-	-	-	-	-	-
Balance at June 30, 2014	<u>\$ 60,141,069</u>	<u>\$ 258,615</u>	<u>\$ 23,626,078</u>	<u>\$ 49,183,440</u>	<u>\$ 77,246,242</u>	<u>\$ 210,455,444</u>

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The Society's investments are managed in accordance with investment guidelines established by the Society's Board of Trustees. The Society's Board of Trustees annually approves the level of investment return to be appropriated for operations. The annual spending rate, subject to Board approval, is calculated as follows: 70% of the previous year's spending amount adjusted for the annual rate of inflation, plus 30% of the most recent four-quarter average fair value of the investment pool multiplied by 5%. In 2015, the expected net building sales proceeds were added to the average market value for purposes of the spending formula calculation. Amounts approved were \$29,890,004 and \$19,431,783 in 2015 and 2014, respectively. In addition, the Society's Board of Trustees also approved the use of \$12,129,019 and \$4,523,865 in 2015 and 2014, respectively, of investment return to fund additional ministry expense, pension expense, post-retiree health care benefits and transition costs, including expenses associated with the relocation from New York City to the new Philadelphia headquarters. Amounts approved for capital activities were \$8,501,700 and \$14,074,922 in 2015 and 2014, respectively.

The components of investment (loss) gain for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 7,577,463	\$ 6,503,697
Unrealized (depreciation) appreciation in fair value of investments	(25,339,770)	25,794,732
Realized gains	22,900,325	35,725,818
Investment expenses	<u>(2,433,456)</u>	<u>(1,557,331)</u>
Investment return, net	<u>2,704,562</u>	<u>66,466,916</u>
Amounts appropriated for program services	(29,890,004)	(19,431,783)
Amounts appropriated for specific operating purposes	<u>(12,129,019)</u>	<u>(4,523,865)</u>
Investment return appropriated for operations	<u>(42,019,023)</u>	<u>(23,955,648)</u>
Amounts appropriated for capital activities	<u>(8,501,700)</u>	<u>(14,074,922)</u>
Investment (loss) gain, less amounts appropriated for operations and capital activities	<u>\$ (47,816,161)</u>	<u>\$ 28,436,346</u>
Unrealized (depreciation) appreciation in fair value of investments in third-party trusts	<u>\$ (1,003,526)</u>	<u>\$ 4,645,423</u>

The Society uses the net asset value per share or its equivalent to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value; and, (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

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The following tables list investments reported at fair value based on NAV by major category as of June 30, 2015 and 2014:

2015									
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions	
Private Equities	Venture and buyout in the U.S. and international markets.	\$ 23,940,760	25	1 to 12 years	\$ 9,309,186	1 to 10 years	N/A	N/A	
Inflation Hedging / Real Assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF.	38,022,048	17	1 to 30 years	24,013,780	1 to 4 years	Private equity structures have no redemption options; 1 fund 35 days notice.	N/A	
Flexible Capital / Absolute Return	Global equity and fixed income funds in market neutral strategies, fund-of- funds structure.	73,433,037	8	N/A	N/A	N/A	Ranges as follows: Quarterly/ Annual / 3- Year liquidity: 45-91 days.	Four funds allow annual liquidity, three funds quarterly liquidity, and one 3-Year liquidity, effective 12/31	
Equity Partnerships	Long/short and long only funds structured as partnerships.	62,436,978	2	N/A	N/A	N/A	30 days notice and quarterly/annual redemptions.	N/A	
Commingled Funds	Global funds, primarily long only, equities and bond funds, and ETF.	107,007,645	6	N/A	N/A	N/A	Ranges from 1 business day notice to 30 days, monthly redemptions.	N/A	
Total		<u>\$ 304,840,468</u>	<u>58</u>		<u>\$ 33,322,966</u>				

AMERICAN BIBLE SOCIETY
Notes to Financial Statements
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		2014						
Type	Strategy	NAV in Funds	# of Funds	Remainin g Life	\$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions
Private Equities	Venture and buyout in the U.S. and international.	\$ 23,626,078	25	1 to 12 years	\$ 4,657,172	1 to 10 years	None	N/A
Real Assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF's.	49,183,440	13	1 to 30 years	7,880,112	1 to 4 years	Private equity structures have no redemption options; 1 fund 35 days; ETF daily liquidity.	N/A
Absolute Return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure.	77,246,242	7	N/A	N/A	N/A	Ranges as follows: 65 days notice, 90 days notice, 100 days notice.	Six funds allow annual liquidity and one fund quarterly liquidity, effective 12/31.
Equity Partnerships	Long/short and long only funds structured as partnerships.	58,359,954	2	N/A	N/A	N/A	30 days notice and quarterly/ annual redemptions.	N/A
Commingled Funds	Global funds, primarily long only, equities and bond funds.	89,864,533	7	N/A	N/A	N/A	Ranges from 1 business day to 30 days notice.	N/A
Total		<u>\$ 298,280,247</u>	<u>54</u>		<u>\$ 12,537,284</u>			

5. TRANSACTIONS WITH FELLOWSHIP AND AFFILIATED ORGANIZATIONS

The Society provides major financial support to the United Bible Societies Association “UBSA” and, as one of the founding national Bible Societies of the United Bible Societies fellowship, performs much of its program efforts globally through funding programmatic efforts of its fellow national Bible Societies. During fiscal 2015 and 2014, this support amounted to \$10,283,109 and \$10,590,000, respectively.

In addition, during fiscal 2012, the Society extended a line of credit of up to \$2 million to support UBSA transition needs payable through 2016 at no interest. As of June 30, 2015, UBSA has not drawn down on the line of credit.

During fiscal 2006, due to the uncertainty associated with repayment, the Society agreed to convert its program loan receivable due from the Bible Society in Russia, in the amount of \$1,500,000, to a local fundraising challenge grant which, if successful, would lead to the eventual forgiveness of the loan balance. At June 30, 2015 and 2014, the receivable, which has been fully reserved for, totaled \$624,649 and \$719,241, respectively.

In addition to the loan of its rare Scripture collection (see Note 2), the Society provided major financial support and “in-kind” services to MOBIA. During fiscal 2015 and 2014, this support amounted to \$1,125,000 and \$1,450,000, respectively. Of these amounts, \$525,000 and \$850,000, respectively, consisted of cash contributions, and the remaining amounts consisted of donated salaries and benefits and facilities.

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6. BENEFICIAL INTEREST IN INVESTMENTS HELD BY THIRD-PARTY TRUSTEES

The Society maintains a beneficial interest in investments held by third-party trustees. The Society's share of such funds had a fair value of \$25,613,973 and \$26,489,627 at June 30, 2015 and 2014, respectively.

At June 30, 2015 and 2014, the Society's beneficial interest in investments held by third-party trustees was classified as Level 3 within the fair value hierarchy.

The following tables summarize the changes in the Society's Level 3 beneficial interest in investments held by third-party trustees for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 26,489,627	\$ 21,393,640
Change in value due to actuarial valuations	127,872	450,564
Unrealized appreciation (depreciation) in fair value of third-party trusts	<u>(1,003,526)</u>	<u>4,645,423</u>
Ending balance	<u>\$ 25,613,973</u>	<u>\$ 26,489,627</u>

7. FIXED ASSETS, NET

Fixed assets are carried at cost less accumulated depreciation and consist of the following at June 30, 2015 and 2014:

		<u>2014</u>		
	<u>2015</u>	<u>Fixed Assets, Including Building Held for Sale</u>	<u>Building Held for Sale</u>	<u>Fixed Assets, Excluding Building Held for Sale</u>
Building and building improvements	\$ -	\$ 34,856,673	\$ 34,845,673	\$ 11,000
Building air rights	-	14,074,922	14,074,922	-
Furniture, machinery, and equipment	6,812,732	7,514,866	1,015,026	6,499,840
Leasehold improvements	9,578,053	729,994	-	729,994
Capitalized software	<u>4,857,261</u>	<u>4,701,737</u>	<u>-</u>	<u>4,701,737</u>
	21,248,046	61,878,192	49,935,621	11,942,571
Less: Accumulated depreciation	<u>(8,321,629)</u>	<u>(36,207,928)</u>	<u>(27,326,547)</u>	<u>(8,881,381)</u>
	12,926,417	25,670,264	22,609,074	3,061,190
Land	-	25,000	25,000	-
	<u>\$ 12,926,417</u>	<u>\$ 25,695,264</u>	<u>\$ 22,634,074</u>	<u>\$ 3,061,190</u>

On June 11, 2014, the Board of Trustees approved the sale of the Society's New York City headquarters building. Assets related to this building are presented in the 2014 statement of financial position as building held for sale, net at the lower of cost or market value. No provision for scrap was necessary. During fiscal year 2014, the Society purchased air rights in contemplation of enhancing the market value of the building held for sale.

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The Society sold its New York City headquarters building on January 30, 2015 for approximately \$300 million. A net gain on sale of \$274,670,489, after a reduction for related disposal costs and transaction related expenses has been reflected in the statement of activities for the year ended June 30, 2015.

Also, at June 30, 2015, an escrow balance receivable for approximately \$35 million from the purchaser was held in custody subject to conditions relating to satisfactory delivery of the building to the new owner and contractual representations and warranties. In accordance with the sales contract, the building was satisfactorily delivered and the Society has received \$30 million of the escrow receivable subsequent to June 30, 2015. The Society expects to receive the remaining \$5 million in escrow receivable following expiration of the contractual representations and warranties in fiscal year 2016.

8. NET ASSETS

The Society's Board of Trustees has designated certain unrestricted net assets for specific operating purposes as follows at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Employee pension benefits	\$ 15,521,846	\$ 17,085,738
Capital activities	5,743,551	-
Relocation costs	3,983,475	-
Ministry activities	<u>4,887,780</u>	<u>46,398</u>
	<u>\$ 30,136,652</u>	<u>\$ 17,132,136</u>

In addition, the Society's Board of Trustees has designated certain unrestricted net assets to function as an endowment (quasi-endowment). The investment return generated from these assets is used to fund operating expenses as approved by the Board of Trustees. Investment return in excess of approved amounts is used to maintain the purchasing power of the investments and to help ensure resources for future needs, ministries, and opportunities (see also Note 12).

Temporarily restricted net assets at June 30, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Life income agreements	\$ 11,157,497	\$ 12,658,127
Trust agreements	23,674,525	25,197,394
Geographically focused and operations	<u>6,302,448</u>	<u>6,950,107</u>
	<u>\$ 41,134,470</u>	<u>\$ 44,805,628</u>

Permanently restricted net assets of the Society are restricted to investment in perpetuity, the income from which is expendable for the following purposes:

	<u>2015</u>	<u>2014</u>
Bible engagement and distribution	\$ 7,612,429	\$ 6,767,541
General support	<u>33,744,775</u>	<u>34,748,301</u>
	<u>\$ 41,357,204</u>	<u>\$ 41,515,842</u>

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9. PENSION, POSTRETIREMENT HEALTH CARE, AND LIFE INSURANCE BENEFITS

The Society currently provides a defined contribution pension plan for all qualified employees. The Society contributed approximately \$1,625,000 and \$1,688,000 in 2015 and 2014, respectively, to the plan. Contributions are based on a percentage of each eligible employee's compensation which includes an employer matching contribution.

The Society also provides certain noncontributory health care and life insurance benefits to retired employees hired prior to July 1, 2005. This unfunded plan is designed to provide medical benefits to participants based upon date of hire and years of service.

The following table sets forth the plan's funded status and other information relative to the plan as of and for the years ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Funded status:		
Accumulated Postretirement Benefit Obligation ("APBO"):		
Current retirees	\$ (28,330,696)	\$ (29,408,075)
Actives	<u>(7,541,372)</u>	<u>(9,249,876)</u>
Total unfunded status	<u>\$ (35,872,068)</u>	<u>\$ (38,657,951)</u>

Amounts recognized in unrestricted net assets as of June 30, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
Prior service credit	\$ -	\$ (8,021)
Actuarial losses	<u>5,061,591</u>	<u>7,710,352</u>
	<u>\$ 5,061,591</u>	<u>\$ 7,702,331</u>

Components of net periodic benefit cost for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Service cost	\$ 161,870	\$ 197,857
Interest cost	1,520,066	1,717,550
Amortization of:		
Prior service cost	(8,021)	(13,291)
Actuarial losses	<u>383,063</u>	<u>421,621</u>
Net periodic postretirement benefit cost	<u>\$ 2,056,978</u>	<u>\$ 2,323,737</u>

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Other changes in benefit obligations recognized in unrestricted net assets for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Net actuarial (gain) loss	\$ (2,265,698)	\$ (178,613)
Amortization of net gain	<u>(375,042)</u>	<u>(408,330)</u>
Total changes recognized in unrestricted net assets	<u>\$ (2,640,740)</u>	<u>\$ (586,943)</u>
Total changes recognized in net periodic benefit cost and unrestricted net assets	<u>\$ (583,762)</u>	<u>\$ 1,736,794</u>

The estimated net loss to be amortized from unrestricted net assets into net periodic benefit cost during fiscal 2016 is \$172,879.

Assumptions

	<u>2015</u>	<u>2014</u>
Assumptions used to determine benefit obligations at June 30:		
Discount rate	4.14 %	4.03 %
Assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	4.03 %	4.49 %
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	8.50 %	9.00 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2024	2024
Rate of increase in the per capita cost of covered dental benefits	4.50 %	4.50 %
Effect of a 1% increase in health care cost trend rate on:		
Interest cost plus service cost	\$ 219,880	\$ 225,138
Accumulated postretirement benefit obligation	4,229,874	4,374,623
Effect of a 1% decrease in health care cost trend rate on:		
Interest cost plus service cost	\$ (179,168)	\$ (183,841)
Accumulated postretirement benefit obligation	(3,452,463)	(3,609,175)

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Contributions

The Society expects to contribute \$2,080,762 to its postretirement benefit plan during the year ending June 30, 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect anticipated future service, are expected to be paid in the years ending June 30th, as follows:

2016	\$ 2,080,762
2017	2,151,856
2018	2,126,663
2019	2,106,211
2020	2,020,007
2021-2025	10,077,588

10. COMMITMENTS AND CONTINGENCIES

Rental Income

Rental income earned on facilities leased at the previously owned New York City headquarters for the years ended June 30, 2015 and 2014 totaled \$3,102,128 and \$3,131,093, respectively.

Rental Expense

Total future minimum rental commitments due under non-cancelable operating leases for facilities and equipment are follow:

Year Ending June 30:	<u>New York, NY</u>	<u>Wayne, PA</u>	<u>Philadelphia, PA</u>	<u>Total Facilities</u>	<u>Equipment</u>
2016	\$ 942,367	\$ 422,944	\$ -	\$ 1,365,311	\$ 52,531
2017	-	434,830	3,171,883	3,606,713	33,578
2018	-	183,243	3,525,535	3,708,778	14,988
2019	-	-	3,587,725	3,587,725	4,391
2020	-	-	3,649,916	3,649,916	-
Thereafter	-	-	91,405,516	91,405,516	-
	<u>\$ 942,367</u>	<u>\$ 1,041,017</u>	<u>\$ 105,340,575</u>	<u>\$ 107,323,959</u>	<u>\$ 105,488</u>

Office rent expense for the years ended June 30, 2015 and 2014 totaled \$418,405 and \$432,733, respectively, for the Society's leased facilities in Wayne, PA. Upon relocation to Philadelphia, the Society vacated the facilities in Wayne, PA. Subsequent to year end, the Society entered into sub-lease agreements for these facilities. A related lease abandonment cost of \$547,889 will be recognized in fiscal 2016.

Effective January 30, 2015, the Society entered into an operating facilities lease with the new owner of its previously owned New York City headquarters building through August, 2015. Office rent expense for the year ended June 30, 2015 totaled \$1,202,731 for the Society's leased facilities in New York, NY.

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Effective July 2, 2015, the Society entered into a 25 year operating facilities lease for its new headquarters space located in Philadelphia, PA. Rent expense for the year ended June 30, 2015 totaled \$870,506 for this space. Deferred allowance from lease activity primarily relates to a period of free rent related to the new headquarters operating lease and a tenant construction allowance that is being amortized over the term of the lease.

Equipment rent expense for the years ended June 30, 2015 and 2014 totaled \$45,096 and \$36,130, respectively

Contingencies

In the normal course of its operations, the Society is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Society is not aware of any claims or contingencies that would have a material adverse effect on the Society's financial position, changes in net assets or cash flows.

11. EXPENSES AND OTHER CHARGES

During the years ended June 30, 2015 and 2014, the Society incurred joint costs of \$8,092,218 and \$9,284,004, respectively, for informational materials and activities that included development appeals. Of those costs \$4,207,953 and \$4,354,198, respectively, were allocated to development while \$3,884,265 and \$4,929,806, respectively, were allocated to program services.

12. ENDOWMENT

The Society's endowment consists of approximately 640 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Society's Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Society's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or relevant law.

During 2010, New York State passed the New York State Uniform Prudent Management of Institutional Funds Act (NYPMIFA). All not-for-profit organizations formed in New York, including the Society, must comply with this law, commencing with the Society's 2011 fiscal year.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. At June 30, 2015 and 2014, there were no deficiencies of this nature.

The Society has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the Society's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment exclusive of gift additions. The Society's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

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The Society has interpreted NYPMIFA as requiring the Society, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligations to use the endowment to achieve the purposes for which it was donated. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 such amounts are appropriated for expenditure by the Board of Trustees of the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and its donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society, and,
- (8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the Society.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 8,119,507	\$ 19,382,548	\$ 27,502,055
Board-designated endowment funds	<u>564,818,780</u>	<u>-</u>	<u>-</u>	<u>564,818,780</u>
Total endowment funds	<u>\$ 564,818,780</u>	<u>\$ 8,119,507</u>	<u>\$ 19,382,548</u>	<u>\$ 592,320,835</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 7,823,636	\$ 18,537,661	\$ 26,361,297
Board-designated endowment funds	<u>302,831,906</u>	<u>-</u>	<u>-</u>	<u>302,831,906</u>
Total endowment funds	<u>\$ 302,831,906</u>	<u>\$ 7,823,636</u>	<u>\$ 18,537,661</u>	<u>\$ 329,193,203</u>

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Excluded from permanently restricted net assets in the tables above at June 30, 2015 and 2014 are \$21,974,656 and \$22,978,181, respectively, of perpetual trusts held by third-parties.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 302,831,906	\$ 7,823,636	\$ 18,537,661	\$ 329,193,203
Contributions, net of amounts transferred to operations*	17,854,164	-	-	17,854,164
Interest and dividends	6,714,631	-	52,097	6,766,728
Unrealized depreciation in fair value of investments	(23,973,721)	295,871	-	(23,677,850)
Realized gains	21,398,109	-	-	21,398,109
Investment expenses	(2,276,839)	-	-	(2,276,839)
Other income, primarily royalties	267,475	-	-	267,475
Release of net assets	1,674,024	-	792,790	2,466,814
Net change in value of split-interest agreements	(5,997,228)	-	-	(5,997,228)
Net proceeds from the gain on the sale of the building	274,670,489	-	-	274,670,489
Transfer of the net cost of the building	22,176,493	-	-	22,176,493
Amounts appropriated for capital activities	(8,501,700)	-	-	(8,501,700)
Amounts appropriated for program services	(29,890,004)	-	-	(29,890,004)
Amounts appropriated for specific operating purposes	(12,129,019)	-	-	(12,129,019)
Endowment net assets, end of year	<u>\$ 564,818,780</u>	<u>\$ 8,119,507</u>	<u>\$ 19,382,548</u>	<u>\$ 592,320,835</u>

The following table summarizes the changes in endowment net assets for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 287,572,476	\$ 4,312,385	\$ 17,916,658	\$ 309,801,519
Contributions, net of amounts transferred to operations*	(2,726,921)	-	601,394	(2,125,527)
Interest and dividends	6,265,674	-	-	6,265,674
Unrealized depreciation in fair value of investments	19,615,097	3,756,881	-	23,371,978
Realized gains	33,403,735	-	19,609	33,423,344
Investment expenses	(1,429,139)	-	-	(1,429,139)
Other income, primarily royalties	298,251	-	-	298,251
Release of net assets	-	(245,630)	-	(245,630)
Net change in value of split-interest agreements	(2,136,698)	-	-	(2,136,698)
Additional postretirement credit	-	-	-	-
Amounts appropriated for capital activities	(14,074,922)	-	-	(14,074,922)
Amounts appropriated for program services	(19,431,783)	-	-	(19,431,783)
Amounts appropriated for specific operating purposes	(4,523,864)	-	-	(4,523,864)
Endowment net assets, end of year	<u>\$ 302,831,906</u>	<u>\$ 7,823,636</u>	<u>\$ 18,537,661</u>	<u>\$ 329,193,203</u>

* The Society reports legacies received as increases in unrestricted net assets unless use of the related assets is limited by explicit donor-imposed restrictions (i.e., temporarily or permanently restricted). Because of the variability of this revenue, the application of such funds to support operations is budgeted at an amount approved by the Board of Trustees annually. The excess or deficiency between the unrestricted legacies received and the amount budgeted is reported as an addition or deduction in funds functioning as endowment.