

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

American Bible Society

June 30, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
American Bible Society

We have audited the accompanying consolidated financial statements of American Bible Society (the "Society"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated 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 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 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 from 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 Society'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 Society'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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Bible Society as of June 30, 2021 and 2020, 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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the years ended June 30, 2021 and 2020, as a whole. The consolidating schedule of financial position as of June 30, 2021 and the consolidating schedule of activities for the year ended June 30, 2021 included on pages 34-35 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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 2021 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2021 consolidated financial statements or to the 2021 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 supplementary information is fairly stated, in all material respects, in relation to the 2021 consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
January 28, 2022

American Bible Society

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 21,311,610	\$ 13,634,392
Accounts, contributions, program loan and accrued interest receivables, net of allowance of \$148,390 in 2021 and \$232,487 in 2020	5,614,071	5,719,396
Amounts held in escrow for construction (Note G)	1,005,028	4,119,153
Inventories, net (Note C)	5,760,124	4,984,305
Prepaid expenses and other assets	3,944,011	4,412,521
Investments (Note D)	738,237,176	622,580,053
Beneficial interest in investments held by third-party trustees (Note F)	30,639,424	25,638,803
Fixed assets, net (Note G)	64,418,300	45,129,424
Total assets	\$ 870,929,744	\$ 726,218,047
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 13,183,690	\$ 13,742,535
Payable under securities loan agreement (Note D)	3,827,218	948,507
Deferred allowance from lease activity	16,631,361	16,651,077
Obligations under charitable remainder trusts (Note B)	8,427,531	4,903,851
Annuities payable (Note B)	19,098,143	20,249,718
Deferred revenue under life income agreements (Note B)	5,457,050	5,373,750
Accrued postretirement benefits (Note I)	35,116,798	38,270,463
Total liabilities	101,741,791	100,139,901
Commitments and contingencies (Notes D and J)		
Net assets (Notes B and H)		
Net assets without donor restrictions (Note B)	653,865,870	514,500,873
Net assets with donor restrictions (Note H)	115,322,083	111,577,273
Total net assets	769,187,953	626,078,146
Total liabilities and net assets	\$ 870,929,744	\$ 726,218,047

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

American Bible Society

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities						
Operating revenues and support						
Contributions	\$ 25,360,815	\$ 20,751,828	\$ 46,112,643	\$ 22,957,198	\$ 26,980,523	\$ 49,937,721
Legacies	5,135,259	-	5,135,259	8,645,327	-	8,645,327
Scripture sales (Note C)	3,870,451	-	3,870,451	3,745,125	-	3,745,125
Other	3,583,798	-	3,583,798	2,130,677	-	2,130,677
Net assets released from restrictions (Note H)	35,461,875	(35,461,875)	-	25,668,277	(25,668,277)	-
Total operating revenues and support	73,412,198	(14,710,047)	58,702,151	63,146,604	1,312,246	64,458,850
Operating expenses (Note K)						
Program services						
Scripture engagement and distribution:						
National ministries	27,163,821	-	27,163,821	35,688,537	-	35,688,537
International ministries	44,880,486	-	44,880,486	43,165,504	-	43,165,504
Total program services	72,044,307	-	72,044,307	78,854,041	-	78,854,041
Supporting services						
Administration	7,498,299	-	7,498,299	6,617,540	-	6,617,540
Development	13,645,114	-	13,645,114	14,728,583	-	14,728,583
Total supporting services	21,143,413	-	21,143,413	21,346,123	-	21,346,123
Total operating expenses	93,187,720	-	93,187,720	100,200,164	-	100,200,164
Changes in net assets from operating activities before investment return appropriated for operations	(19,775,522)	(14,710,047)	(34,485,569)	(37,053,560)	1,312,246	(35,741,314)
Investment return appropriated for operations (Note D)	34,071,259	-	34,071,259	41,515,180	-	41,515,180
Changes in net assets from operating activities	14,295,737	(14,710,047)	(414,310)	4,461,620	1,312,246	5,773,866
Nonoperating activities						
Investment return appropriated for capital activities and other (Note D)	-	-	-	17,025,367	-	17,025,367
Investment gains (losses), net of amounts appropriated for operations and capital activities and other (Note D)	122,721,522	14,613,408	137,334,930	(58,727,057)	98,052	(58,629,005)
Appreciation (depreciation) in fair value of third-party trusts (Notes D and F)	-	4,167,011	4,167,011	-	(123,804)	(123,804)
Change in value of split-interest agreements	(669,072)	(325,562)	(994,634)	(597,696)	451,655	(146,041)
Pension related activity	3,016,810	-	3,016,810	(4,938,298)	-	(4,938,298)
Changes in net assets from nonoperating activities	125,069,260	18,454,857	143,524,117	(47,237,684)	425,903	(46,811,781)
CHANGES IN NET ASSETS	139,364,997	3,744,810	143,109,807	(42,776,064)	1,738,149	(41,037,915)
Net assets, beginning of year	514,500,873	111,577,273	626,078,146	557,276,937	109,839,124	667,116,061
Net assets, end of year	\$ 653,865,870	\$ 115,322,083	\$ 769,187,953	\$ 514,500,873	\$ 111,577,273	\$ 626,078,146

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

American Bible Society

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Services			Supporting Services			
	National Ministries	International Ministries	Total	Administration	Development	Total	Total
Bible ministry grants	\$ 2,776,127	\$ 24,871,661	\$ 27,647,788	\$ -	\$ 228,710	\$ 228,710	\$ 27,876,498
Scripture-based conventions and meetings	15,150	27,828	42,978	4,621	32,628	37,249	80,227
Cost of scripture and related materials sold	2,927,317	-	2,927,317	-	-	-	2,927,317
Printing, publications and promotions	1,206,581	1,964,205	3,170,786	6,356	2,832,907	2,839,263	6,010,049
Salaries and wages	4,840,701	7,966,770	12,807,471	3,515,121	3,657,750	7,172,871	19,980,342
Employee benefit	1,630,542	2,473,747	4,104,289	1,096,374	1,137,657	2,234,031	6,338,320
Relocation costs	2,372	5,167	7,539	-	8,338	8,338	15,877
Pension expense	398,107	643,723	1,041,830	260,430	298,241	558,671	1,600,501
Postretirement benefits	1,237,610	607,662	1,845,272	161,707	156,165	317,872	2,163,144
Professional fees	3,800,910	2,212,953	6,013,863	634,757	1,566,122	2,200,879	8,214,742
Postage and mailing	940,606	1,108,424	2,049,030	10,494	1,803,177	1,813,671	3,862,701
Depreciation and amortization	3,084,686	170,900	3,255,586	185,302	131,069	316,371	3,571,957
Travel and related costs	25,211	42,472	67,683	13,239	42,078	55,317	123,000
Data processing	1,188,793	386,083	1,574,876	60,160	510,350	570,510	2,145,386
Occupancy	1,930,285	1,506,926	3,437,211	865,381	730,318	1,595,699	5,032,910
Equipment, repairs and rentals	540,994	381,409	922,403	364,708	142,741	507,449	1,429,852
Telephone	55,484	99,762	155,246	33,661	47,906	81,567	236,813
Office supplies	147,229	31,880	179,109	5,539	38,609	44,148	223,257
Storage costs	143,348	7,504	150,852	10,711	3,734	14,445	165,297
Insurance	119,249	151,044	270,293	154,562	87,004	241,566	511,859
Memberships and subscriptions	53,635	87,554	141,189	20,286	71,241	91,527	232,716
Legal, tax and audit fees	34,155	24,294	58,449	3,780	9,465	13,245	71,694
Banking and compliance	55,933	99,825	155,758	82,411	101,871	184,282	340,040
Miscellaneous	8,796	8,693	17,489	8,699	7,033	15,732	33,221
Total expenses	<u>\$ 27,163,821</u>	<u>\$ 44,880,486</u>	<u>\$ 72,044,307</u>	<u>\$ 7,498,299</u>	<u>\$ 13,645,114</u>	<u>\$ 21,143,413</u>	<u>\$ 93,187,720</u>

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

American Bible Society

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program Services			Supporting Services			
	National Ministries	International Ministries	Total	Administration	Development	Total	Total
Bible ministry grants	\$ 4,290,894	\$ 24,226,428	\$ 28,517,322	\$ 443	\$ 14,505	\$ 14,948	\$ 28,532,270
Scripture-based conventions and meetings	77,785	71,057	148,842	12,515	18,527	31,042	179,884
Cost of scripture and related materials sold	2,459,112	-	2,459,112	-	-	-	2,459,112
Printing, publications and promotions	1,986,425	1,621,311	3,607,736	802	3,485,914	3,486,716	7,094,452
Salaries and wages	8,560,682	7,785,029	16,345,711	3,085,262	4,051,257	7,136,519	23,482,230
Employee benefit	2,959,587	2,717,989	5,677,576	1,075,361	1,331,089	2,406,450	8,084,026
Relocation costs	20,458	19,887	40,345	-	1,048	1,048	41,393
Pension expense	613,105	560,686	1,173,791	228,357	284,541	512,898	1,686,689
Postretirement benefits	968,050	407,822	1,375,872	113,799	120,962	234,761	1,610,633
Professional fees	5,880,985	2,231,487	8,112,472	555,493	1,360,984	1,916,477	10,028,949
Postage and mailing	1,306,738	819,109	2,125,847	4,343	2,223,454	2,227,797	4,353,644
Depreciation and amortization	655,023	104,748	759,771	160,476	126,625	287,101	1,046,872
Travel and related costs	302,160	378,738	680,898	71,555	185,266	256,821	937,719
Data processing	1,360,717	328,768	1,689,485	147,154	616,074	763,228	2,452,713
Occupancy	2,861,154	1,038,581	3,899,735	559,022	361,315	920,337	4,820,072
Equipment, repairs and rentals	690,801	216,248	907,049	316,396	111,823	428,219	1,335,268
Telephone	88,135	84,547	172,682	30,127	43,446	73,573	246,255
Office supplies	114,125	39,693	153,818	15,264	37,827	53,091	206,909
Storage costs	95,933	4,391	100,324	7,334	3,072	10,406	110,730
Insurance	144,292	127,606	271,898	161,725	115,415	277,140	549,038
Memberships and subscriptions	99,914	57,859	157,773	23,644	96,707	120,351	278,124
Legal, tax and audit fees	56,683	18,594	75,277	3,603	9,712	13,315	88,592
Banking and compliance	67,636	35,703	103,339	33,157	64,448	97,605	200,944
Miscellaneous	28,143	269,223	297,366	11,708	64,572	76,280	373,646
Total expenses	<u>\$ 35,688,537</u>	<u>\$ 43,165,504</u>	<u>\$ 78,854,041</u>	<u>\$ 6,617,540</u>	<u>\$ 14,728,583</u>	<u>\$ 21,346,123</u>	<u>\$ 100,200,164</u>

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

American Bible Society

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 143,109,807	\$ (41,037,915)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	3,571,957	1,046,872
Change in provision for obsolete and slow-moving inventory	36,209	6,922
Net unrealized and realized (appreciation) depreciation in fair value of investments	(161,983,176)	7,545,645
Net unrealized and realized (appreciation) depreciation in fair value of third-party trusts	(4,167,011)	123,804
Changes in assets and liabilities:		
Increase in accounts and accrued interest receivables	12,163,262	4,221,695
Decrease in amounts held in escrow	(3,114,125)	-
(Increase) decrease in inventories	(812,028)	461,918
Decrease in prepaid expenses and other assets	468,507	11,488
Increase in contributions receivable and beneficial interest in investments held by third-party trustees, excluding split-interest agreements	(120,771)	144,160
Increase (decrease) in accounts payable and accrued expenses	14,588,453	(5,671,596)
(Decrease) in deferred allowances from leasing activity, net	(19,716)	(118,790)
(Decrease) increase in accrued postretirement benefits	(3,153,665)	4,225,608
	<u>567,703</u>	<u>(29,040,189)</u>
Net cash provided by (used in) in operating activities		
Cash flows from investing activities:		
Proceeds from sales of investment securities	467,532,089	517,773,745
Purchases of investment securities	(441,093,072)	(449,096,297)
Acquisition of fixed assets	(22,801,954)	(26,416,323)
	<u>3,637,063</u>	<u>42,261,125</u>
Net cash provided by investing activities		
Cash flows from financing activities:		
Proceeds of new split-interest agreements, in excess of contributions recognized	2,917,495	251,633
Endowment contribution	45,500	-
Change in value of split-interest agreements	1,972,135	347,606
Change in value of split-interest agreements held by third parties	971,547	40,783
Payments to third-party beneficiaries under split-interest agreements	(3,277,589)	(3,464,057)
Investment income on split-interest agreements held for others	843,364	924,144
	<u>3,472,452</u>	<u>(1,899,891)</u>
Net cash provided by (used in) financing activities		
NET INCREASE IN CASH AND EQUIVALENTS	<u>7,677,218</u>	<u>11,321,045</u>
Cash and cash equivalents, beginning of year	<u>13,634,392</u>	<u>2,313,347</u>
Cash and cash equivalents, end of year	<u>\$ 21,311,610</u>	<u>\$ 13,634,392</u>

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

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - 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 global 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:

- **Translation:** The Society makes the Word of God available and alive for millions of people still waiting for a Bible in their own language. The Society works with ministries and Bible Societies across the globe to accelerate Bible translation through innovative technology, collaborative partnerships, and a shared sense of urgency. By 2026, the Society will see 100% of languages open to Scripture engagement;
- **First Bible:** Where Bible translation has addressed the barrier of language, the Society works with its partners to address barriers of access. Through print Bibles, audio Bibles, Scriptures listening groups, youth-focused Bibles and activities, and the Bible made available online, millions of people in the United States and around the world engage with the Bible in a format that meets their needs;
- **Trauma Healing:** Trauma is a barrier to the hope of the gospel. Bible-based trauma healing uses the power of Scripture, combined with mental health best practices, to bring joy to wounded hearts. The Society brings God’s message of love, hope, and redemption to some of the world’s darkest places such as refugee camps, orphanages, prisons, and war-torn villages;
- **Faith and Liberty Initiative:** American virtues like liberty and justice are drawn from the pages of Scripture. Throughout the Society’s history, from the Founding Fathers to the Civil Rights movement, the Bible has guided American heroes in their pursuit of justice. Today, the Society invites millions of Americans to engage with the Word of God to transform its neighborhoods, its cities, and its country, one heart at a time; and
- **Armed Services Ministries:** Created by the Military and for the Military, our powerful series of Scripture Engagement programs use digital technology to help Service members, Veterans, and their families discover God by deeply engaging in His Word. American Bible Society’s Armed Services Ministry is now in our third century of faithfully providing Bibles and Scripture resources to Service members, Veterans, and their families across the world and right here at home.

The Society carries out its mission by:

- Affirming the power of God to speak to every generation through the Holy Scripture;
- 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
- Engaging culture and empowering the Church with God’s Word through technology, new media, and digital channels.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 that is not a private foundation.

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

The Society has established an initiative called the Faith and Liberty Discovery Center ("FLDC") for the purposes of exploring the relationship between faith and liberty in America, from its founding to today, by illuminating the influence of the Bible on individuals in key historical and personal moments. The FLDC serves religious, educational, and charitable purposes as an educational and cultural institution of public history to steward cultural memory, facilitate individual and group discovery, and foster personal engagement with the Bible. As such, FLDC aspires to advance the objective of sustained discovery and exploration of the role of the Bible as a dynamic cultural force in the American experience. Toward this end, FLDC will serve as a national center and public intellectual community dedicated to collaboration and exchange in exploring the relationship between faith and liberty in the American experience.

The FLDC was established as a limited liability company on June 11, 2018 under the Limited Liability Company Act of the State of Delaware. The sole member of Faith and Liberty Discovery Center, LLC is American Bible Society, with which FLDC financial position, activities and cash flows will consolidate.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the American Bible Society, together with the FLDC and referred to hereinafter as 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"). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Net Assets Without Donor Restrictions

Represent net assets that are not subject to donor-imposed stipulations and are fully available to be utilized in any of the Society's programs or supporting services. Net assets without donor restrictions include certain amounts designated for specific use by the Society's Board of Directors. Net assets without donor restrictions at June 30, 2021 and 2020 consist of the following:

	2021	2020
Undesignated	\$ (8,251,114)	\$ (21,363,550)
Undesignated related to FLDC	(15,361,670)	-
Designated for pension benefits	11,242,362	9,933,547
Designated for Bible translation	1,639,087	-
Funds functioning as endowment (Note L)	600,178,905	480,801,452
Land, building, and equipment	19,469,644	45,129,424
Land, building, and equipment related to FLDC	44,948,656	-
	<u>\$ 653,865,870</u>	<u>\$ 514,500,873</u>

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Net Assets With Donor Restrictions

Represent net assets that are subject to donor-imposed stipulations whose use is restricted by time and/or purpose. A portion of the Society's net assets with donor restrictions requires the Society to use or expend the gifts as specified, based on purpose or passage of time. Another portion of such net assets requires the Society to hold such amounts in perpetuity and to spend the earnings therefrom for specific purposes or for general purposes.

The consolidated statement of activities reports the changes in net assets by operating and nonoperating activities. Nonoperating activities principally include investment return (loss), net of amounts appropriated for operations and capital activities and other, changes in the fair value of third-party trusts, change in value of split-interest agreements, pension related activities, and other nonrecurring activities.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions embodied in the accompanying consolidated 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 fixed assets, 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 consolidated statement of financial position.

Bible Ministry Grants Payable

The awarding of grants is reflected on the consolidated financial statements at the time they are approved by the Society and the respective grantee is notified. Grants represent unconditional promises to give and are expected to be paid within one year of approval. Grants payable are included within accounts payable and accrued expenses on the accompanying consolidated statements of financial position. As of June 30, 2021 and 2020, the Society had grants payable totaling \$6,480,395 and \$2,931,091, 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 life income funds, deferred revenue is recorded representing the amount of the discount for future interests.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 consolidated statement of activities.

The discount rate utilized to value split-interest agreements remained constant at 6% at June 30, 2021 and 2020. The mortality table utilized to calculate the life expectancy of annuitants at June 30, 2021 and 2020 is the IAR 2012 Mortality Table, which is a dynamic table that updates life expectancy from year to year.

The Society is required to segregate assets to serve 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 and administers these gifts. Such reserves totaled \$31,067,798 and \$30,865,088 at June 30, 2021 and 2020, respectively, and 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, 2021 and 2020:

	2021			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2020	\$ 4,903,851	\$ 20,249,718	\$ 5,373,750	\$ 30,527,319
Proceeds of new split-interest agreements	2,453,650	463,845	-	2,917,495
Change in value of split-interest agreements	1,211,065	669,072	91,998	1,972,135
Payments to third-party beneficiaries under split-interest agreements	(766,987)	(2,284,492)	(226,110)	(3,277,589)
Investment income on split-interest agreements held for others	625,952	-	217,412	843,364
Balance at June 30, 2021	<u>\$ 8,427,531</u>	<u>\$ 19,098,143</u>	<u>\$ 5,457,050</u>	<u>\$ 32,982,724</u>

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

	2020			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2019	\$ 5,673,748	\$ 21,891,526	\$ 4,902,720	\$ 32,467,994
Proceeds of new split- interest agreements	-	251,633	-	251,633
Change in value of split- interest agreements	(717,617)	597,397	467,825	347,605
Payments to third-party beneficiaries under split- interest agreements	(679,757)	(2,490,838)	(293,462)	(3,464,057)
Investment income on split- interest agreements held for others	627,477	-	296,667	924,144
	<u>\$ 4,903,851</u>	<u>\$ 20,249,718</u>	<u>\$ 5,373,750</u>	<u>\$ 30,527,319</u>
Balance at June 30, 2020	<u>\$ 4,903,851</u>	<u>\$ 20,249,718</u>	<u>\$ 5,373,750</u>	<u>\$ 30,527,319</u>

Fixed Assets and Depreciation and Amortization

Furniture and equipment acquired for greater than \$5,000 and with useful lives greater than three years are capitalized and depreciated over their estimated useful lives, ranging from 3 to 10 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.

Library Collection

The Society maintains a rare Scripture collection held for exhibition, education and research that 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 net assets without donor restrictions in the year in which the items are acquired.

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 (barriers to entitlement) on which they depend are substantially met.

The Society has been notified of certain intentions to give under various wills and trust agreements as well as conditional gifts, 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.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Scripture Sales, Royalties and Accounts Receivable

Scripture sales, net of discounts, are recorded when shipped, that is when 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 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 consolidated 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 stipulated beneficiaries.

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 deposit 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 (See Note D) give rise to unrelated business income tax ("UBIT") liabilities. The Society recorded immaterial UBIT liabilities at June 30, 2021 and 2020, respectively.

The Society follows guidance that 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 guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Society is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. 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. The Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

New Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use ("ROU") asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the ROU asset. ASU No. 2016-02 is effective for the Society for fiscal year 2022. The Society is in the process of evaluating the impact this standard will have on its consolidated financial statements.

Reclassification

The Society updated its presentation of net assets without donor restrictions on its 2020 consolidated statement of financial position, from what was previously issued, to align with the 2021 presentation which presents net assets without donor restrictions only in total. The individual net asset funds comprising this net asset category have now been presented in a separate disclosure within Note B. The effect of this change in reporting format did not change total net assets, revenues, or expenses as previously reported in the 2020 consolidated financial statements.

Subsequent Events

The Society evaluated its June 30, 2021 consolidated financial statements for subsequent events through January 28, 2022, the date the consolidated financial statements were available to be issued.

NOTE C - 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, 2021 and 2020 and scripture sales for the years then ended consist of the following:

	2021	2020
Finished scripture products held for sale	\$ 3,376,620	\$ 3,250,321
Scripture resources for ministry use	2,416,437	1,775,632
Work in process and raw materials	7,098	13,610
FLDC retail inventory	51,435	-
	5,851,590	5,039,563
Less: inventory reserve	(91,466)	(55,258)
	\$ 5,760,124	\$ 4,984,305
Components of gross margin:		
Scripture sales	\$ 3,870,451	\$ 3,745,125
Less: cost of Scripture and related materials sold	(2,927,317)	(2,459,112)
Gross margin on scripture sales	\$ 943,134	\$ 1,286,013

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Included in national ministries bible ministry grants expense is the cost of Scripture resources for ministry use, which totaled \$1,348,055 and \$1,725,568 for the years ended June 30, 2021 and 2020, respectively.

NOTE D - INVESTMENTS

Investments, at fair value, at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents, net	\$ 17,648,319	\$ 17,286,544
Equities	415,759,200	354,824,134
Fixed income	118,404,136	94,435,270
Private equities	74,762,382	44,908,550
Real assets	37,456,021	42,670,803
Absolute return	74,207,118	68,454,752
	<u>\$ 738,237,176</u>	<u>\$ 622,580,053</u>

The cost of investments totaled \$530,226,677 and \$515,176,772 at June 30, 2021 and 2020, respectively.

Included in investments at June 30, 2021 and 2020 are \$12,698,369 and \$10,489,862, respectively, held under trusts where the Society acts as trustee in connection with its split-interest agreements with donors. Life income agreements of \$8,498,393 and \$8,496,827 at June 30, 2021 and 2020, 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, 2021 and 2020, the fair value of the collateral received totaled \$3,827,218 and \$948,507, respectively, and is reflected as part of liabilities. 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, 2021 and 2020 is presented as part of investments and payable under securities loan agreement on the accompanying consolidated statements of financial position.

The Society has committed to investing an additional \$52,851,310 in certain private equity partnerships, which are to be funded primarily over the next 3 to 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 that may be used to measure fair value.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 1 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; and
- 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.

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels discussed above as of June 30, 2021:

	Cash/ Equivalents	Equities	Fixed Income	Alternative Asset			Total
				Private Equities	Real Assets	Absolute Return	
Level 1	\$ 17,648,319	\$ 174,187,564	\$ 55,800,757	\$ -	\$ -	\$ -	\$ 247,636,640
Level 2	-	30,919,276	62,603,379	-	-	-	93,522,655
Level 3	-	1,708,743	-	-	10,572,571	-	12,281,314
NAV	-	208,943,617	-	74,762,382	26,883,450	74,207,118	384,796,567
	<u>\$ 17,648,319</u>	<u>\$ 415,759,200</u>	<u>\$ 118,404,136</u>	<u>\$ 74,762,382</u>	<u>\$ 37,456,021</u>	<u>\$ 74,207,118</u>	<u>\$ 738,237,176</u>

The following table summarizes the changes in the Society's Level 3 investments for the year ended June 30, 2021:

	Equities	Real Assets	Total
Balance at June 30, 2020	\$ 1,708,438	\$ 17,843,673	\$ 19,552,111
Unrealized appreciation	315	2,268,433	2,268,748
Purchases of investments	-	-	-
Proceeds from sales, redemptions, and distributions	(10)	(9,539,535)	(9,539,545)
Balance at June 30, 2021	<u>\$ 1,708,743</u>	<u>\$ 10,572,571</u>	<u>\$ 12,281,314</u>

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels discussed above as of June 30, 2020.

	Cash/ Equivalents	Equities	Fixed Income	Alternative Asset			Total
				Private Equities	Real Assets	Absolute Return	
Level 1	\$ 17,286,544	\$140,764,335	\$ 51,988,084	\$ -	\$ -	\$ -	\$ 210,038,963
Level 2	-	41,452,749	42,447,186	-	-	-	83,899,935
Level 3	-	1,708,438	-	-	17,843,673	-	19,552,111
NAV	-	170,898,612	-	44,908,550	24,827,130	68,454,752	309,089,044
	<u>\$ 17,286,544</u>	<u>\$ 354,824,134</u>	<u>\$ 94,435,270</u>	<u>\$ 44,908,550</u>	<u>\$ 42,670,803</u>	<u>\$ 68,454,752</u>	<u>\$ 622,580,053</u>

The following table summarizes the changes in the Society's Level 3 investments for the year ended June 30, 2020:

	Equities	Real Assets	Total
Balance at June 30, 2019	\$ 1,708,430	\$ 20,523,483	\$ 22,231,913
Unrealized depreciation	(292)	(2,679,810)	(2,680,102)
Purchases of investments	300	-	300
Proceeds from sales, redemptions, and distributions	-	-	-
Balance at June 30, 2020	<u>\$ 1,708,438</u>	<u>\$ 17,843,673</u>	<u>\$ 19,552,111</u>

The Society's investments are managed in accordance with investment guidelines established by the Society's Board of Directors. The Society's Board of Directors 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%. Amounts approved totaled \$28,145,153 and \$28,477,191 in 2021 and 2020, respectively. In addition, the Society's Board of Directors also approved the use of an additional \$5,926,106 and \$13,037,989 in 2021 and 2020, respectively, of investment return to fund additional ministry expense, pension expense, and post-retiree health care benefits. Additional amounts approved for capital activities and other purposes, which are reflected as part of nonoperating activities in the accompanying 2020 consolidated statement of activities, totaled \$17,025,367 for the year ended June 30, 2020.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The components of investment return (loss) for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Interest and dividends	\$ 11,116,831	\$ 10,314,174
Unrealized appreciation (depreciation) in fair value of investments	121,741,991	(32,336,777)
Realized gains	40,241,185	24,791,132
Investment expenses	(1,693,818)	(2,856,987)
Investment return (loss), net	171,406,189	(88,458)
Amounts appropriated for program services	(28,145,153)	(28,477,191)
Amounts appropriated for specific operating purposes	(5,926,106)	(13,037,989)
Investment return appropriated for operations	(34,071,259)	(41,515,180)
Amounts appropriated for capital activities and other purposes	-	(17,025,367)
Investment gain (loss), less amounts appropriated for operations and capital activities	\$ 137,334,930	\$ (58,629,005)
Unrealized appreciation (depreciation) in fair value of investment in third-party trusts	\$ 4,167,011	\$ (123,804)

The Society uses the net asset value ("NAV") 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.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following tables list investments reported at fair value based on NAV by major asset category as of June 30, 2021 and 2020:

2021								
Type	Strategy	NAV in Funds	# in 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	\$ 74,762,382	27	1 to 12 years	\$ 39,265,824	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	26,883,450	12	1 to 30 years	13,585,486	1 to 4 years	Private equity structures have no redemption options. Ranges as follows: Quarterly/ Annual/ 3-year liquidity, 45-91 days.	N/A
Flexible capital/absolute return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure	74,207,118	8	N/A	N/A	N/A		1 fund allows annual liquidity, 3 funds quarterly liquidity, 1 fund 3-year liquidity, and 3 funds liquidating.
Equity partnerships	Long/short and long only funds structured as partnerships	123,309,770	4	N/A	N/A	N/A	30 days notice and quarterly redemptions. Ranges from 1 business day notice to 30 days, monthly redemptions.	N/A
Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	85,633,847	3	N/A	N/A	N/A		N/A
Total		\$ 384,796,567	54		\$ 52,851,310			

2020								
Type	Strategy	NAV in Funds	# in 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	\$ 44,908,550	27	1 to 12 years	\$ 28,544,438	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	24,827,130	12	1 to 30 years	15,856,642	1 to 4 years	Private equity structures have no redemption options. Ranges as follows: Quarterly/ Annual/ 3-year liquidity, 45-91 days.	N/A
Flexible capital/absolute return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure	68,454,752	7	N/A	N/A	N/A		1 fund allows annual liquidity, 2 funds quarterly liquidity, 3 funds 3-year liquidity, and 1 fund liquidating.
Equity partnerships	Long/short and long only funds structured as partnerships	84,763,024	3	N/A	N/A	N/A	30 days notice and quarterly redemptions. Ranges from 1 business day notice to 30 days, monthly redemptions.	N/A
Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	86,135,588	4	N/A	N/A	N/A		N/A
Total		\$ 309,089,044	53		\$ 44,401,080			

NOTE E - 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 2021 and 2020, this support amounted to \$20,219,369 and \$23,623,351, respectively.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

During fiscal 2006, due to the uncertainty associated with repayment, the Society agreed to convert its then 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, 2021 and 2020, the receivable, which has been fully reserved for, net of amounts forgiven, totaled \$146,854 and \$207,785, respectively.

NOTE F - 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 totaling \$30,639,424 and \$25,638,803 at June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the Society's beneficial interest in investments held by third-party trustees is 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 25,638,803	\$ 25,575,058
New trusts	-	223,633
Terminated trusts	(140,544)	(74,080)
Change in value due to actuarial valuations	974,154	37,996
Unrealized appreciation (depreciation) in fair value of third-party trusts	<u>4,167,011</u>	<u>(123,804)</u>
Balance, end of year	<u>\$ 30,639,424</u>	<u>\$ 25,638,803</u>

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE G - FIXED ASSETS, NET

During fiscal year 2021, the Society completed construction of the Faith and Liberty Discovery Center, as previously discussed in Note A, which is located on the ground floor of its headquarters building. The construction in progress (“CIP”) assets that had been recorded by the Society were transferred to the FLDC and were placed into service on May 1, 2021. Fixed assets are carried at cost less accumulated depreciation and amortization and consist of the following at June 30, 2021 and 2020 for the Society and the Faith and Liberty Discovery Center:

	2021			2020		
	Society	FLDC	Total	Society	FLDC	Total
Furniture, fixtures, and equipment	\$ 4,068,111	\$ 5,551,691	\$ 9,619,802	\$ 4,068,110	\$ -	\$ 4,068,110
Leasehold improvements	19,809,990	28,872,874	48,682,864	13,679,014	-	13,679,014
Capitalized software	1,284,295	-	1,284,295	-	-	-
Exhibits	-	12,953,539	12,953,539	-	-	-
	<u>25,162,396</u>	<u>47,378,104</u>	<u>72,540,500</u>	<u>17,747,124</u>	<u>-</u>	<u>17,747,124</u>
Less: accumulated depreciation and amortization	(5,692,752)	(2,429,448)	(8,122,200)	(4,550,244)	-	(4,550,244)
CIP - leasehold improvements pertaining to the FLDC	-	-	-	30,766,374	-	30,766,374
CIP - capitalized software	-	-	-	1,166,170	-	1,166,170
	<u>\$19,469,644</u>	<u>\$44,948,656</u>	<u>\$64,418,300</u>	<u>\$45,129,424</u>	<u>\$ -</u>	<u>\$45,129,424</u>

In addition, as of June 30, 2021 and 2020, the Society has \$1,005,028 and \$4,119,193, respectively, on deposit in an escrow account, held by a financial institution, for purposes of construction related activities occurring as part of its east side development project at its headquarters location. This project, which is unrelated to FLDC discussed in the preceding paragraph, relates to both exterior construction as well as any potential costs pertaining to tenant improvements associated with sublease agreements within a separate area of the ground floor of its headquarters building. Construction costs and related draws from this escrow account are expected to be completed during fiscal 2022.

NOTE H - NET ASSETS

The Society’s Board of Directors has designated certain net assets without donor restrictions for employee pension benefits totaling \$11,242,362 and \$9,933,547 at June 30, 2021 and 2020, respectively. In fiscal year 2021, the Society’s Board of Directors also designated certain net assets without donor restrictions to be used to fund bible translation projects totaling \$1,639,087.

In addition, the Society’s Board of Directors has designated certain net assets without donor restrictions to function as an endowment (quasi-endowment). A portion of the annual investment return generated from these assets is used to fund operating expenses as approved by the Board of Directors. 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 L).

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Net assets with donor restrictions at June 30, 2021 and 2020 are expendable for the following purposes:

	<u>2021</u>	<u>2020</u>
Life income agreements	\$ 12,982,761	\$ 12,268,638
Trust agreements	23,057,210	19,629,031
Accumulated gains on endowment	24,144,595	14,032,922
Geographically focused programs and operations	<u>9,869,655</u>	<u>24,575,011</u>
	<u>\$ 70,054,221</u>	<u>\$ 70,505,602</u>

Net assets with donor restrictions are restricted to investment in perpetuity, the income from which is expendable for the following purposes:

	<u>2021</u>	<u>2020</u>
Bible engagement and distribution	\$ 7,855,594	\$ 7,853,250
General support	<u>37,412,268</u>	<u>33,218,421</u>
	<u>\$ 45,267,862</u>	<u>\$ 41,071,671</u>

During the years ended June 30, 2021 and 2020, the Society released \$35,461,875 and \$25,668,277, respectively, from donor restrictions.

NOTE I - 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 \$1,557,000 and \$1,686,000 in 2021 and 2020, 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.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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, 2021 and 2020.

	2021	2020
Postretirement benefit obligation at beginning of year		
Actives not fully eligible to retire	\$ 1,121,044	\$ 853,398
Actives fully eligible to retire	4,644,046	3,996,657
Retirees	32,505,375	29,194,800
Total	38,270,465	34,044,855
Service cost	58,177	45,772
Interest cost	890,126	1,083,114
Actuarial (gain)/loss	(2,048,590)	5,234,492
Benefits paid	(2,053,380)	(2,137,770)
Postretirement benefit obligation at end of year		
Actives not fully eligible to retire	924,212	1,121,044
Actives fully eligible to retire	3,656,496	4,644,046
Retirees	30,536,090	32,505,373
Total	\$ 35,116,798	\$ 38,270,463

The change in plan assets for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Employer contribution	\$ 2,053,380	\$ 2,137,770
Benefits paid	(2,053,380)	(2,137,770)
Fair value of plan assets at end of year	\$ -	\$ -

The funded status as of June 30, 2021 and 2020 is as follows:

	2021	2020
Postretirement benefit obligation at end of year	\$ 35,116,798	\$ 38,270,463
Fair value of plan assets at end of year	-	-
Funded status end of year	\$ 35,116,798	\$ 38,270,463
Current liability	\$ 2,023,734	\$ 2,053,380
Non-current liability	33,093,064	36,217,083
Total	\$ 35,116,798	\$ 38,270,463

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Components of net periodic benefit cost for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Service cost	\$ 58,177	\$ 45,772
Interest cost	890,126	1,083,114
Amortization of actuarial losses	968,220	296,194
Net periodic postretirement benefit cost	\$ 1,916,523	\$ 1,425,080

Other changes in benefit obligations recognized in net assets without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Net actuarial (gain)/loss	\$ (2,048,590)	\$ 5,234,492
Amortization of unrecognized amounts	(968,220)	(296,194)
Total changes recognized in net assets without donor restrictions	\$ (3,016,810)	\$ 4,938,298
Total changes recognized in net periodic benefit cost and net assets without donor restrictions	\$ (1,100,287)	\$ 6,363,378

The estimated net loss to be amortized from net assets without donor restrictions into net periodic benefit cost during the year ended June 30, 2022 is \$589,743.

Assumptions

	2021	2020
Assumptions used to determine benefits at June 30:		
Discount rate	2.55%	2.39%
Assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	2.39%	3.28%
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	7.50%	7.50%
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	2027	2026
Dental trend rate	4.50%	4.50%
Effect of a 1% increase in health care cost trend rate on:		
Interest and service cost	\$ 156,533	\$ 127,460
Accumulated postretirement benefit obligation	\$ 3,818,389	\$ 4,509,401
Effect of a 1% decrease in health care cost trend rate on:		
Interest and service cost	\$ (127,685)	\$ (104,539)
Accumulated postretirement benefit obligation	\$ (3,175,018)	\$ (3,708,338)

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Contributions

The Society expects to contribute \$2,023,734 to its postretirement benefit plan during the year ending June 30, 2022.

Estimated Future Benefit Payments

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

2022	\$ 2,023,734
2023	2,017,334
2024	2,043,147
2025	2,045,096
2026	1,982,556
2027-2031	8,938,470

NOTE J - COMMITMENTS AND CONTINGENCIES

Rental Expense

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

<u>Years Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2022	\$ 3,931,893	\$ 52,278	\$ 3,984,171
2023	4,049,072	45,600	4,094,672
2024	4,174,243	7,600	4,181,843
2025	4,342,365	-	4,342,365
2026	4,457,852	-	4,457,852
Thereafter	75,577,716	-	75,577,716
	<u>\$ 96,533,141</u>	<u>\$ 105,478</u>	<u>\$ 96,638,619</u>

Effective July 2, 2015, the Society entered into a 25-year operating facilities lease for its headquarters space located in Philadelphia, Pennsylvania. Rent expense for the use of this space for the years ended June 30, 2021 and 2020 totaled \$3,744,360 and \$3,531,126, respectively. Deferred allowance from lease activity primarily relates to a period of free rent related to the Society's headquarters 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, 2021 and 2020 totaled \$46,904 and \$74,304, respectively.

NOTE K - EXPENSES AND OTHER CHARGES

During the years ended June 30, 2021 and 2020, the Society incurred joint costs of \$10,460,216 and \$12,312,422, respectively, for informational materials and activities that included development appeals. Of those costs, \$5,180,907 and \$6,502,247, respectively, have been allocated to development with \$5,279,309 and \$5,810,175, respectively, allocated to program services.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE L - ENDOWMENT

The Society's endowment consists of approximately 450 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 Directors 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 Directors 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, 2021 and 2020, there were no deficiencies of this nature.

The Society has adopted investment and spending policies for its 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.

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 part of its donor-restricted endowment: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Such accumulated gains are appropriated for expenditure by the Board of Directors 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:

- The duration and preservation of the fund;
- The purposes of the Society and its donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and appreciation of endowment investments;
- Other resources of the Society;
- The investment policies of the Society; and
- Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the Society.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following tables summarize endowment net asset composition by type of fund as of June 30, 2021 and 2020:

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Donor-restricted endowment funds	\$ -	\$ 24,144,595	\$ 19,800,312	\$ 43,944,907
Board-designated endowment funds	600,178,905	-	-	600,178,905
Total endowment funds	<u>\$ 600,178,905</u>	<u>\$ 24,144,595</u>	<u>\$ 19,800,312</u>	<u>\$ 644,123,812</u>
	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Donor-restricted endowment funds	\$ -	\$ 14,032,922	\$ 19,753,969	\$ 33,786,891
Board-designated endowment funds	480,801,452	-	-	480,801,452
Total endowment funds	<u>\$ 480,801,452</u>	<u>\$ 14,032,922</u>	<u>\$ 19,753,969</u>	<u>\$ 514,588,343</u>

Excluded from the donor-restricted portion of the endowment in the tables above at June 30, 2021 and 2020 are \$25,467,550 and \$21,317,703, respectively, of perpetual trusts held by third parties.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following table summarizes the changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 480,801,452	\$ 14,032,922	\$ 19,753,969	\$ 514,588,343
Contributions, net of amounts transferred to operations*	(722,127)	-	45,500	(676,627)
Interest and dividends	11,038,560	-	843	(11,039,403)
Unrealized appreciation in fair value of investments	107,634,072	10,111,673	-	117,745,745
Realized gains	37,562,595	-	-	37,562,595
Investment expenses	(1,572,436)	-	-	(1,572,436)
Other income, primarily royalties	177,120	-	-	177,120
Net change in value of split-interest agreements	(669,072)	-	-	(669,072)
Amounts appropriated for program services	(28,145,153)	-	-	(28,145,153)
Amounts appropriated for specific operating purposes	(5,926,106)	-	-	(5,926,106)
Endowment net assets, end of year	<u>\$ 600,178,905</u>	<u>\$ 24,144,595</u>	<u>\$ 19,800,312</u>	<u>\$ 644,123,812</u>

* The Society reports legacies received as increases in net assets without donor restrictions unless use of the related assets is limited by explicit donor-imposed restrictions. Because of the variability of this support, the application of such funds to support operations is budgeted at an amount approved by the Board of Directors annually. The excess between the unrestricted legacies received and the amount budgeted is reported as an addition or deduction in funds functioning as endowment.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

The following table summarizes the changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 537,263,434	\$ 14,397,032	\$ 19,753,074	\$ 571,413,540
Contributions, net of amounts transferred to operations*	2,536,407	-	-	2,536,407
Interest and dividends	9,453,650	-	895	9,454,545
Unrealized depreciation in fair value of investments	(30,645,928)	(364,110)	-	(31,010,038)
Realized gains	23,853,502	-	-	23,853,502
Investment expenses	(2,764,116)	-	-	(2,764,116)
Other income, primarily royalties	243,017	-	-	243,017
Net change in value of split-interest agreements	(597,697)	-	-	(597,697)
Amounts appropriated for capital activities and other	(17,025,637)	-	-	(17,025,637)
Amounts appropriated for program services	(28,477,191)	-	-	(28,477,191)
Amounts appropriated for specific operating purposes	(13,037,989)	-	-	(13,037,989)
Endowment net assets, end of year	<u>\$ 480,801,452</u>	<u>\$ 14,032,922</u>	<u>\$ 19,753,969</u>	<u>\$ 514,588,343</u>

* The Society reports legacies received as increases in net assets without donor restrictions unless use of the related assets is limited by explicit donor-imposed restrictions. Because of the variability of this support, the application of such funds to support operations is budgeted at an amount approved by the Board of Directors annually. The excess between the unrestricted legacies received and the amount budgeted is reported as an addition or deduction in funds functioning as endowment.

American Bible Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Society regularly monitors liquidity required to meet its operating needs. The Society's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

Available Financial Assets as of June 30,	2021	2020
Cash and cash equivalents	\$ 21,311,610	\$ 13,634,392
Accounts, program loan and accrued interest receivables, net, due within one year	6,404,413	8,489,183
Contribution receivable, due within one year, unrestricted as to use	117,832	1,175,802
Total financial assets available within one year	27,833,855	23,299,377
Add: anticipated investment return to be used for next fiscal year operations (endowment spending)	47,968,352	58,666,017
Total financial assets available to management for general expenditures within one year	\$ 75,802,207	\$ 81,965,394

Excluded from the detail provided above are all investment amounts pertaining to the Society's endowment fund totaling \$644,123,812 and \$514,588,343 as of June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Society's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) totaling \$43,944,907 and \$33,786,891, respectively, and the Society's board-designated endowment (quasi-endowment) totaling \$600,178,905 and \$480,801,452, respectively, (See Note L for a detail of the Society's endowment fund). The endowment is subject to an annual spending rate that is further described in Note D. Although the Society does not intend to spend from its board-designated endowment, other than amounts appropriated for operations annually, as of June 30, 2021 and 2020, the Society had \$600,178,905 and \$480,801,452, respectively, of board-designated endowment funds that could be made available to support operations if necessary, following Board approval. Accordingly, the extent of available financial assets as of June 30, 2021 only includes an approximation of investment return that will be made available to fund fiscal year 2022 operations, pursuant to the Society's Board approved endowment spending policy.

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

SUPPLEMENTARY INFORMATION

American Bible Society

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2021

	Society	FLDC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 14,255,816	\$ 7,055,794	\$ -	\$ 21,311,610
Accounts, contributions, program loan and accrued interest receivables net of allowance of \$148,390	5,614,071	-	-	5,614,071
Amounts receivable from the FLDC	1,415,239	-	(1,415,239)	-
Loan receivable from the FLDC	20,549,404	-	(20,549,404)	-
Amounts held in escrow for construction	1,005,028	-	-	1,005,028
Inventories, net	5,708,689	51,435	-	5,760,124
Prepaid expenses and other assets	3,861,772	82,239	-	3,944,011
Investments	738,237,176	-	-	738,237,176
Beneficial interest in investments held by third-party trustees	30,639,424	-	-	30,639,424
Fixed assets, net	19,469,644	44,948,656	-	64,418,300
Total assets	<u>\$ 840,756,263</u>	<u>\$ 52,138,124</u>	<u>\$ (21,964,643)</u>	<u>\$ 870,929,744</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 12,597,195	\$ 586,495	\$ -	\$ 13,183,690
Amounts payable to the Society	-	1,415,239	(1,415,239)	-
Loan payable to the Society	-	20,549,404	(20,549,404)	-
Payable under securities loan agreement	3,827,218	-	-	3,827,218
Deferred allowance from lease activity	16,631,361	-	-	16,631,361
Obligations under charitable remainder trusts	8,427,531	-	-	8,427,531
Annuities payable	19,098,143	-	-	19,098,143
Deferred revenue under life income agreements	5,457,050	-	-	5,457,050
Accrued postretirement benefits	35,116,798	-	-	35,116,798
Total liabilities	<u>101,155,296</u>	<u>22,551,138</u>	<u>(21,964,643)</u>	<u>101,741,791</u>
Commitments and contingencies				
Net assets				
Net assets without donor restrictions	624,278,884	29,586,986	-	653,865,870
Net assets with donor restrictions	115,322,083	-	-	115,322,083
Total net assets	<u>739,600,967</u>	<u>29,586,986</u>	<u>-</u>	<u>769,187,953</u>
Total liabilities and net assets	<u>\$ 840,756,263</u>	<u>\$ 52,138,124</u>	<u>\$ (21,964,643)</u>	<u>\$ 870,929,744</u>

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

American Bible Society
CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended June 30, 2021

	Without Donor Restrictions				With Donor Restrictions				Total
	Society	FLDC	Eliminations	Total	Society	FLDC	Eliminations	Total	
Operating activities									
Operating revenues and support:									
Contributions	\$ 25,360,815	\$ 36,435,481	\$ (36,435,481)	\$ 25,360,815	\$ 20,751,828	\$ -	\$ -	\$ 20,751,828	\$ 46,112,643
Legacies	5,135,259	-	-	5,135,259	-	-	-	-	5,135,259
Scripture sales	3,870,451	-	-	3,870,451	-	-	-	-	3,870,451
Other	3,562,916	20,882	-	3,583,798	-	-	-	-	3,583,798
Net assets released from restrictions	35,461,875	-	-	35,461,875	(35,461,875)	-	-	(35,461,875)	-
Total operating revenues and support	73,391,316	36,456,363	(36,435,481)	73,412,198	(14,710,047)	-	-	(14,710,047)	58,702,151
Operating expenses									
Program services									
Scripture engagement and distribution:									
National ministries	58,584,095	5,757,805	(37,178,079)	27,163,821	-	-	-	-	27,163,821
International ministries	44,880,486	-	-	44,880,486	-	-	-	-	44,880,486
Total program services	103,464,581	5,757,805	(37,178,079)	72,044,307	-	-	-	-	72,044,307
Supporting services									
Administration	6,702,475	795,824	-	7,498,299	-	-	-	-	7,498,299
Development	13,329,365	315,749	-	13,645,114	-	-	-	-	13,645,114
Total supporting services	20,031,840	1,111,573	-	21,143,413	-	-	-	-	21,143,413
Total operating expenses	123,496,421	6,869,378	(37,178,079)	93,187,720	-	-	-	-	93,187,720
Changes in net assets from operating activities, before investment return appropriated for operations	(50,105,105)	29,586,985	742,598	(19,775,522)	(14,710,047)	-	-	(14,710,047)	(34,485,569)
Investment return appropriated for operations	34,071,259	-	-	34,071,259	-	-	-	-	34,071,259
Changes in net assets from operating activities	(16,033,846)	29,586,985	742,598	14,295,737	(14,710,047)	-	-	(14,710,047)	(414,310)
Nonoperating activities									
Investment (losses) gains, net of amounts appropriated for operations and capital activities and other	123,464,120	-	(742,598)	122,721,522	14,613,408	-	-	14,613,408	137,334,930
Appreciation in fair value of third-party trusts	-	-	-	-	4,167,011	-	-	4,167,011	4,167,011
Change in value of split-interest agreements	(669,072)	-	-	(669,072)	(325,562)	-	-	(325,562)	(994,634)
Pension related activity other than net periodic pension expense	3,016,810	-	-	3,016,810	-	-	-	-	3,016,810
Changes in net assets from nonoperating activity	125,811,858	-	(742,598)	125,069,260	18,454,857	-	-	18,454,857	143,524,117
CHANGES IN NET ASSETS	109,778,012	29,586,985	-	139,364,997	3,744,810	-	-	3,744,810	143,109,807
Net assets, beginning of year	514,500,873	-	-	514,500,873	111,577,273	-	-	111,577,273	626,078,146
Net assets, end of year	\$ 624,278,885	\$ 29,586,985	\$ -	\$ 653,865,870	\$ 115,322,083	\$ -	\$ -	\$ 115,322,083	\$ 769,187,953

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