



THE INTERNATIONAL BIBLE SOCIETY

Biblica Inc. and Subsidiaries

Independent Auditor's Report and
Consolidated Financial Statements

September 30, 2021 and 2020



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Biblica Inc. and Subsidiaries

September 30, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Biblica Inc. and Subsidiaries
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Biblica Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of September 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 consolidated 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Directors
Biblica Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Biblica Inc. and Subsidiaries as of September 30, 2021 and 2020, 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.

Supplementary Information

Our audits of the consolidated financial statements were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Colorado Springs, Colorado
December 17, 2021

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position
September 30, 2021 and 2020
(in thousands)

Assets

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 5,532	\$ 2,877
Accounts receivable, net	714	1,088
Royalties and other receivables	953	606
Inventory, net	215	136
Investments	6,874	5,173
Property held for sale	1,992	-
Prepaid expenses and other assets	495	476
	<hr/>	<hr/>
Total current assets	17,046	10,356
	<hr/>	<hr/>
Property and Equipment at Cost, Net of Accumulated Depreciation	1,091	3,357
	<hr/>	<hr/>
Other Assets		
Royalties and other receivables	550	550
Investments	1,456	2,041
Assets held for gift annuity and trust agreements	11,025	9,496
Bible collection	800	800
Other assets	1,239	1,251
	<hr/>	<hr/>
Total other assets	15,070	14,138
	<hr/>	<hr/>
Total assets	<u>\$ 33,207</u>	<u>\$ 27,851</u>

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position (continued)
September 30, 2021 and 2020
(in thousands)

Liabilities and Net Assets

	2021	2020
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,817	\$ 1,996
Refundable advance	-	759
Current portion of gift annuity liability	325	166
Current maturities of long-term debt	259	245
	<hr/>	<hr/>
Total current liabilities	3,401	3,166
	<hr/>	<hr/>
Noncurrent Liabilities		
Royalty advances	78	282
Deferred compensation	122	112
Annuities and trusts payable	9,305	8,282
Long-term debt, net of current portion	1,076	1,481
	<hr/>	<hr/>
Total noncurrent liabilities	10,581	10,157
	<hr/>	<hr/>
Total liabilities	13,982	13,323
	<hr/>	<hr/>
Net Assets		
Without donor restrictions		
Undesignated	7,194	4,875
Designated by the board for contingencies	5,891	4,892
Cumulative foreign currency translation adjustment	(32)	(45)
	<hr/>	<hr/>
	13,053	9,722
	<hr/>	<hr/>
With donor restrictions	6,172	4,806
	<hr/>	<hr/>
Total net assets	19,225	14,528
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 33,207</u>	<u>\$ 27,851</u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2021
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 3,144	\$ 18,600	\$ 21,744
Royalty income	5,762	-	5,762
Investment return, net	936	-	936
Change in value of annuities and trusts under split-interest agreements	282	40	322
Other income	989	-	989
Net assets released from restrictions	<u>17,274</u>	<u>(17,274)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>28,387</u>	 <u>1,366</u>	 <u>29,753</u>
Expenses			
Program services			
Translate	3,536	-	3,536
Innovate	5,081	-	5,081
Mobilize	6,822	-	6,822
Equip	<u>5,145</u>	<u>-</u>	<u>5,145</u>
 Total program services	 <u>20,584</u>	 <u>-</u>	 <u>20,584</u>
Supporting services			
General and administrative	2,079	-	2,079
Fundraising	<u>2,406</u>	<u>-</u>	<u>2,406</u>
 Total supporting services	 <u>4,485</u>	 <u>-</u>	 <u>4,485</u>
 Total expenses	 <u>25,069</u>	 <u>-</u>	 <u>25,069</u>
 Change in Net Assets Before Foreign Currency Translation Adjustment	 3,318	 1,366	 4,684
 Foreign Currency Translation Adjustment	 <u>13</u>	 <u>-</u>	 <u>13</u>
 Change in Net Assets	 3,331	 1,366	 4,697
 Net Assets, Beginning of Year	 <u>9,722</u>	 <u>4,806</u>	 <u>14,528</u>
 Net Assets, End of Year	 <u><u>\$ 13,053</u></u>	 <u><u>\$ 6,172</u></u>	 <u><u>\$ 19,225</u></u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2020
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 1,980	\$ 9,437	\$ 11,417
Royalty income	4,482	-	4,482
Investment return, net	244	-	244
Change in value of annuities and trusts under split-interest agreements	15	(68)	(53)
Other income	710	-	710
Net assets released from restrictions	<u>8,936</u>	<u>(8,936)</u>	<u>-</u>
 Total revenues, gains and other support	 <u>16,367</u>	 <u>433</u>	 <u>16,800</u>
Expenses			
Program services			
Translate	3,066	-	3,066
Innovate	5,325	-	5,325
Mobilize	<u>5,685</u>	<u>-</u>	<u>5,685</u>
 Total program services	 <u>14,076</u>	 <u>-</u>	 <u>14,076</u>
Supporting services			
General and administrative	1,649	-	1,649
Fundraising	<u>2,529</u>	<u>-</u>	<u>2,529</u>
 Total supporting services	 <u>4,178</u>	 <u>-</u>	 <u>4,178</u>
 Total expenses	 <u>18,254</u>	 <u>-</u>	 <u>18,254</u>
 Change in Net Assets Before Foreign Currency Translation Adjustment	 (1,887)	 433	 (1,454)
 Foreign Currency Translation Adjustment	 <u>61</u>	 <u>-</u>	 <u>61</u>
 Change in Net Assets	 (1,826)	 433	 (1,393)
 Net Assets, Beginning of Year	 <u>11,548</u>	 <u>4,373</u>	 <u>15,921</u>
 Net Assets, End of Year	 <u><u>\$ 9,722</u></u>	 <u><u>\$ 4,806</u></u>	 <u><u>\$ 14,528</u></u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended September 30, 2021
(in thousands)

	Program Services					Support Services			Total Expenses
	Translate	Innovate	Mobilize	Equip	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and benefits	\$ 1,249	\$ 887	\$ 2,652	\$ 442	\$ 5,230	\$ 1,114	\$ 857	\$ 1,971	\$ 7,201
Marketing and promotion	4	-	37	4,513	4,554	1	686	687	5,241
Ministry grants and grants of Scripture	126	1	1,902	-	2,029	1	-	1	2,030
Freight, shipping and postage	1	-	50	-	51	8	19	27	78
Depreciation and amortization	125	223	101	10	459	86	48	134	593
Professional services	1,664	3,799	1,014	15	6,492	334	492	826	7,318
Travel	203	31	296	72	602	52	169	221	823
Interest	6	5	18	1	30	16	6	22	52
Equipment and supplies	86	22	130	12	250	49	54	103	353
Utilities, phone and occupancy	63	52	170	12	297	164	47	211	508
Other expenses	9	61	452	68	590	254	28	282	872
Total	<u>\$ 3,536</u>	<u>\$ 5,081</u>	<u>\$ 6,822</u>	<u>\$ 5,145</u>	<u>\$ 20,584</u>	<u>\$ 2,079</u>	<u>\$ 2,406</u>	<u>\$ 4,485</u>	<u>\$ 25,069</u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended September 30, 2020
(in thousands)

	Program Services				Support Services			Total Expenses
	Translate	Innovate	Mobilize	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and benefits	\$ 847	\$ 1,429	\$ 2,173	\$ 4,449	\$ 945	\$ 724	\$ 1,669	\$ 6,118
Marketing and promotion	-	-	527	527	1	574	575	1,102
Ministry grants and grants of Scripture	1,299	273	1,555	3,127	-	-	-	3,127
Freight, shipping and postage	1	25	67	93	8	22	30	123
Depreciation and amortization	186	221	63	470	83	27	110	580
Professional services	259	2,974	451	3,684	233	822	1,055	4,739
Travel	355	184	496	1,035	93	245	338	1,373
Interest	1	12	22	35	19	8	27	62
Equipment and supplies	67	96	114	277	60	58	118	395
Utilities, phone and occupancy	32	87	132	251	169	44	213	464
Other expenses	19	24	85	128	38	5	43	171
Total	<u>\$ 3,066</u>	<u>\$ 5,325</u>	<u>\$ 5,685</u>	<u>\$ 14,076</u>	<u>\$ 1,649</u>	<u>\$ 2,529</u>	<u>\$ 4,178</u>	<u>\$ 18,254</u>

Biblica Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020
(in thousands)

	2021	2020
Operating Activities		
Change in net assets	\$ 4,697	\$ (1,393)
Items not requiring (providing) operating activities cash flows		
Depreciation	366	230
Amortization	227	350
Net realized and unrealized gain on investments	(776)	(68)
Change in value of annuities and trusts under split-interest agreements	(322)	53
Changes in		
Accounts receivable	152	(561)
Royalties, pledges and other receivables	(334)	30
Contributions receivable	(271)	-
Inventory	(76)	(34)
Other assets and liabilities	(234)	(353)
Accounts payable, accrued expenses and royalty advances	830	(97)
Refundable advance	(759)	759
Net cash provided by (used in) operating activities	<u>3,500</u>	<u>(1,084)</u>
Investing Activities		
Purchases of investments	(3,165)	(2,089)
Proceeds from sale of investments	3,436	4,225
Purchases of property and equipment	(93)	(812)
Net cash provided by investing activities	<u>178</u>	<u>1,324</u>
Financing Activities		
Principal payments on debt	(399)	(233)
Net proceeds from issuance of new annuities and trusts	-	30
Payments on annuities and trusts payable	(816)	(1,320)
Investment income on annuities and trusts	190	232
Net cash used in financing activities	<u>(1,025)</u>	<u>(1,291)</u>
Effect of Foreign Currency Exchange Rate Changes on Cash	2	(8)
Change in Cash and Cash Equivalents	2,655	(1,059)
Cash and Cash Equivalents, Beginning of Year	<u>2,877</u>	<u>3,936</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,532</u>	<u>\$ 2,877</u>
Supplementary Cash Flow Information		
Cash paid for interest	<u>\$ 76</u>	<u>\$ 82</u>

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Biblica Inc. was established in 1809 as a not-for-profit organization; exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a)(2). Since 1988, Biblica Inc. has been headquartered in Colorado Springs, Colorado.

Mission: Biblica is a global Bible ministry, releasing the world's most widely read Scriptures for maximum Gospel impact. Now in its third century of mission, Biblica continues to produce relevant and reliable Scripture translations and innovative resources that power the Bible ministry of hundreds of global mission organizations and invite millions to discover the love of Jesus Christ. The primary activities of Biblica Inc. and Subsidiaries are to translate, innovate, mobilize and equip.

Translate: The Organization translates the full Bible into major spoken languages (defined as one million-plus speakers) so everyone, everywhere can discover the Good News of Jesus. By focusing primarily on Gateway Translation languages, the Organization can reach over 70% of the world's population with the truths of Scripture.

Innovate: The Organization curates and creates new technologies to improve the speed, quality, and accessibility of Scripture translations. By utilizing artificial intelligence, machine learning and digital superhighways, Biblica can exponentially increase the quantity and quality of its impact.

Mobilize: The Organization provides Bibles and Bible resources to ministry partners who help broaden the reach, engagement, and impact of Scripture worldwide. These resources serving Rising Generations and the Frontline Church, minister to at-risk youth, persecuted people, the Bibleless, church-planters and pastors, trauma victims and millions of others who need the hope and healing found in God's Word.

Equip: The Organization works to accelerate the effectiveness of the entire Bible sector through activities like cutting-edge research, measurement and evaluation, and mass market donor engagement – all of which are designed to maximize Bible reach and Bible impact throughout the world.

Controlled Entities and Principles of Consolidation: Biblica Inc. is the sole voting member of Biblica Ministries Foundation, Biblica Europe Ministries Trust and Biblica Canada, and appoints their Board of Directors. The Biblica Africa Area Office, located in Nairobi, Kenya, is registered as a branch office of Biblica Inc. The consolidated financial statements include the accounts of Biblica Inc. and these controlled entities (collectively, the Organization).

Non-controlled Affiliates: The following affiliated organizations have their own Boards of Directors and have agreed to align themselves with the mission of the Organization through a covenant agreement with Biblica Inc.:

- Africa: Biblica Ethiopia, Biblica Kenya, Biblica Nigeria and Biblica South Africa
- East Asia Pacific: Biblica Philippines (closed December 2020)
- Latin America: Biblica Brazil and Biblica Ecuador

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

- Middle East: IBS MENA
- South Asia: Biblica Publishing & Consulting Services PLC, Kripa Kiran Foundation

The accompanying consolidated financial statements do not include the activities of the non-controlled affiliates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

The Organization considers U.S. dollars its functional currency as Biblica Inc. is headquartered in the U.S. and a substantial portion of the Organization's business activities are based in U.S. dollars. Transactions involving foreign currencies are translated at the approximate rates of exchange existing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at year-end are retranslated at the approximate rates of exchange at that date. Revenues and expenses transacted in local currencies are translated at the average exchange rate during the year.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2021, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit with original maturities of three months or less. Uninvested cash equivalents and money market accounts are not considered to be cash equivalents for financial reporting purposes. The Organization's cash accounts exceeded federally insured limits by approximately \$3,690,000.

Some of the Organization's cash accounts reside in financial institutions outside of the United States and, thus, are not eligible for FDIC coverage. These accounts total \$1,473,000 at September 30, 2021.

Accounts Receivable

Accounts receivable are stated at the amount of consideration due from customers of which the Organization has an unconditional right to receive. Receivables become past due when they exceed their contractual due date. The contractual due date will vary by customer but normally ranges from 30 days to 90 days. The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb possible losses. The amount is based upon an analysis of overall trade receivables by management. Management's evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

are recorded in the provision for doubtful accounts in the period in which they become known. Receivables are written off when all methods of collection have been exhausted.

Inventory

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out (FIFO) method and consist of English and foreign language Bibles, New Testaments, Scripture portions and Bible engagement resources.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments have been classified as short-term or long-term based on their maturity dates or expectations to convert to cash. Other investments, consisting of an interest in a limited liability company, are carried at the lower of cost or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Useful lives range from three to 40 years.

Bible Collection

During 2002, the Organization received a rare Bible collection donation. The collection, which consists of over 4,000 Bibles, has been capitalized and was recorded at the estimated fair value on the date of gift. The Organization has established a policy that, in the event that any portion of the collection is sold, the proceeds from the sale shall be used for the following purposes: 1) to procure additional items to add to the collection and 2) to recover costs incurred to display, protect and preserve the collection.

Deferred Production Costs

The Organization incurs translation and production costs on products it develops. These costs are capitalized for products from which management expects to recover its production costs through future sales, royalties or other revenues. Capitalized production costs of \$4,221,000 and \$4,031,000, net of accumulated amortization of \$3,139,000 and \$2,910,000 as of September 30, 2021 and 2020, respectively, are included in noncurrent other assets on the statements of financial position and are amortized over their expected future lives of 60 months. Amortization expense for the years ended September 30, 2021 and 2020 was \$230,000 and \$350,000, respectively.

Refundable Advance

During 2020, the Organization received a loan pursuant to the Paycheck Protection Program established by the U.S. federal government's *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). While the loan stipulated an interest rate and maturity date, the Organization anticipated that the loan would be substantially forgiven in future years, and thus elected to account

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

for the loan as a refundable advance as permitted by ASC 958-605. Under this election, loan proceeds were deemed a refundable advance until such time as the related conditions were met, which included meeting certain employee count and salary reduction requirements as well as incurring eligible expenditures. Utilization of the proceeds was subject to review and acceptance by the U.S. Department of Treasury, Small Business Administration, and/or lender; as a result, future adjustments may be required upon the recognition of revenue. The Organization obtained confirmation of forgiveness during 2021 and recognized the grant revenue in contributions without donor restrictions on the statement of activities.

Deferred Compensation

The Organization has entered into various deferred compensation contracts with certain officers and key executives, which provide for benefit distributions beginning at retirement, termination, death or disability. The related assets and liabilities of the plan are recorded on the statements of financial position in noncurrent investments and deferred compensation, respectively.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for contingencies.

Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Revenue Recognition

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Other Income

For the years ended September 30, 2021 and 2020, other income primarily included rental income and net sales of Bible and Biblical resources.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services benefited based on relative efforts expended on each activity.

Income Taxes

Biblica Inc. and Biblica Ministries Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. Biblica Africa, Biblica Europe Ministries Trust and Biblica Canada are incorporated in their respective countries and are tax-exempt under those international laws. However, the Organization is subject to U.S. federal income tax on any unrelated business taxable income. There was no significant unrelated business taxable income during the year.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 2: Revenue from Contracts with Publishers

Change in Accounting Principle

On October 1, 2020, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) using a modified retrospective method of adoption to all contracts with publishers at October 1, 2020.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to members in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 resulted in changes to disclosures in the notes to the consolidated financial statements.

Royalty Income

The Organization enters into agreements with a variety of publishers whereby the Organization grants exclusive and/or nonexclusive rights to publishers to publish and sell specified Bibles and other Biblical resources on behalf of the Organization either globally, or in a particular geographic location. Publishers will then track sales activities and provide reports to the Organization, generally semi-annually, accompanied by payment. Upon receipt of the report, the Organization will recognize revenue based on the data provided by the publisher.

Transaction Price and Recognition

The transaction price (or royalty income) is derived from the royalty contract and calculated semi-annually in the royalty reports, noted above.

For the years ended September 30, 2021 and 2020, the Organization recognized revenue of \$5,762,000 and \$4,482,000, respectively, from goods that transfer to publishers at a point in time.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 and 2020 comprise the following:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 5,532,000	\$ 2,877,000
Accounts receivable	714,000	1,088,000
Royalties and other receivables	1,503,000	1,156,000
Investments	8,330,000	7,214,000
Assets held for gift annuity and trust agreements	11,025,000	9,496,000
	<u>27,104,000</u>	<u>21,831,000</u>
Less amounts not available to be used within one year		
Royalties and other receivables - noncurrent	550,000	550,000
Investments - noncurrent	1,456,000	2,041,000
Assets held for gift annuity and trust agreements	11,025,000	9,496,000
Net assets with donor restrictions	<u>6,172,000</u>	<u>4,806,000</u>
Financial assets not available to be used within one year	<u>19,203,000</u>	<u>16,893,000</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 7,901,000</u></u>	<u><u>\$ 4,938,000</u></u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain liquid cash and investments at a minimum of approximately 90 days operating expenses, as determined by the board on an annual basis. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity and reserves monthly. During the years ended September 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 4: Royalties and Other Receivables

Royalties and other receivables consist of:

	2021	2020
Current Assets		
Royalties receivable	\$ 927,000	\$ 604,000
Other receivables	26,000	2,000
	953,000	606,000
Noncurrent Assets		
Royalties receivable	550,000	550,000
	<u>\$ 1,503,000</u>	<u>\$ 1,156,000</u>

Note 5: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021 and 2020:

	2021			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices	Significant	Significant
		in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments				
Certificates of deposit, held by brokerage firm	\$ 2,062,000	\$ -	\$ 2,062,000	\$ -
Money market funds, held by brokerage firm	157,000	157,000	-	-
Equity funds				
Domestic large-cap	402,000	402,000	-	-
Mutual funds				
Emerging markets equity	297,000	297,000	-	-
Exchange-traded funds	1,363,000	1,363,000	-	-
Large- and mid-cap equity	122,000	122,000	-	-
International equity	880,000	880,000	-	-
Small-cap growth/value	593,000	593,000	-	-
Real estate investment trust	420,000	420,000	-	-
Fixed income	664,000	664,000	-	-
Fixed income securities				
Government securities	346,000	-	346,000	-
Corporate bonds and notes	774,000	-	774,000	-
Investment in LLC	250,000	N/A	N/A	N/A
	<u>\$ 8,330,000</u>	<u>\$ 4,898,000</u>	<u>\$ 3,182,000</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

2021				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Assets Held for Gift Annuity and Trust Agreements				
Equity funds				
Domestic large-cap	\$ 1,109,000	\$ 1,109,000	\$ -	\$ -
Mutual funds				
Emerging market equity	199,000	199,000	-	-
Exchange-traded funds	2,342,000	2,342,000	-	-
International equity	1,666,000	1,666,000	-	-
Large-cap growth/value	581,000	581,000	-	-
Small-cap growth/value	1,039,000	1,039,000	-	-
High yield bonds	203,000	203,000	-	-
Real estate investment trust	735,000	735,000	-	-
Fixed income	1,749,000	1,749,000	-	-
Fixed income securities				
Government securities	442,000	-	442,000	-
Corporate bonds and notes	960,000	-	960,000	-
	<u>\$ 11,025,000</u>	<u>\$ 9,623,000</u>	<u>\$ 1,402,000</u>	<u>\$ -</u>
Liabilities				
Charitable Remainder Trust Liability	<u>\$ (8,261,000)</u>	<u>\$ -</u>	<u>\$ (8,261,000)</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

	2020			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Certificates of deposit, held by brokerage firm	\$ 2,027,000	\$ -	\$ 2,027,000	\$ -
Money market funds, held by brokerage firm	72,000	72,000	-	-
Equity funds				
Domestic large-cap	464,000	464,000	-	-
Mutual funds				
Emerging markets equity	195,000	195,000	-	-
Exchange-traded funds	1,579,000	1,579,000	-	-
Large- and mid-cap equity	112,000	112,000	-	-
International equity	667,000	667,000	-	-
Small-cap growth/value	372,000	372,000	-	-
Real estate investment trust	256,000	256,000	-	-
Fixed income	269,000	269,000	-	-
Fixed income securities				
Government securities	252,000	-	252,000	-
Corporate bonds and notes	645,000	-	645,000	-
Cash surrender value life insurance	54,000	N/A	N/A	N/A
Investment in LLC	250,000	N/A	N/A	N/A
	<u>\$ 7,214,000</u>	<u>\$ 3,986,000</u>	<u>\$ 2,924,000</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

	2020			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held for Gift Annuity and Trust Agreements				
Money market funds, held by brokerage firm	\$ -	\$ -	\$ -	\$ -
Equity funds				
Domestic large-cap	901,000	901,000	-	-
Mutual funds				
Emerging market equity	135,000	135,000	-	-
Exchange-traded funds	2,099,000	2,099,000	-	-
Global equity	1,426,000	1,426,000	-	-
Large-cap growth/value	635,000	635,000	-	-
Small-cap growth/value	836,000	836,000	-	-
High yield bonds	192,000	192,000	-	-
Real estate investment trust	573,000	573,000	-	-
Fixed income	1,296,000	1,296,000	-	-
Fixed income securities				
Government securities	406,000	-	406,000	-
Corporate bonds and notes	997,000	-	997,000	-
	<u>\$ 9,496,000</u>	<u>\$ 8,093,000</u>	<u>\$ 1,403,000</u>	<u>\$ -</u>
Liabilities				
Charitable Remainder Trust Liability	<u>\$ (7,091,000)</u>	<u>\$ -</u>	<u>\$ (7,091,000)</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended September 30, 2021 and 2020.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Investments and Assets Held for Gift Annuity and Trust Agreements

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity funds and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include secondary certificates of deposit, which can be bought and sold at market value and fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization holds no Level 3 investments.

Investment in LLC

During 2017, the Organization received a donation of an 8.3% interest in a limited liability company. The LLC holds a 50% undivided interest in real estate, which had an appraised value at the time of donation of approximately \$6,650,000 plus available cash on hand. The Organization recorded 80% of their interest in the LLC, totaling approximately \$483,000. The Organization does not exercise significant influence over the LLC, as such, following the initial recognition at fair value, the Organization will carry this investment at the lower of cost or fair value. Sale or transfer of the Organization's interest in the LLC is restricted to other members of the LLC.

In April 2019, the LLC sold 25.2 of the 53.4 acres for \$5,852,000. Biblica's 8.3% portion was \$488,000, less a commission of \$25,000. Net proceeds of \$463,000 less the proportional basis of \$242,000 was recognized as a gain and recorded in other income during 2019. No additional activities transpired during 2020 or 2021.

Charitable Remainder Trust Liability

The level hierarchy within which the fair value measurement in its entirety falls is based on the lowest level significant input included in the measurement. Due to the nature of the valuation inputs, the charitable remainder trust liability, in its entirety, is classified within Level 2 of the hierarchy.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 6: Gift Annuity and Trust Agreements

The Organization has established a gift annuity plan whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. Assets received from the donor under this plan are recorded at fair value. The difference between the price of the annuity contract and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift and as a tax-deductible charitable contribution by the donor. Upon the death of the annuitant (or the last joint annuitant), income distributions cease and any remaining liability is recorded as “change in value of annuities under split-interest agreements.” The Organization has recorded a liability at September 30, 2021 and 2020, which represents the present value of the future annuity obligations, using a discount rate of 6%. This 6% rate is based on the targeted (long-term) rate of investment return, net of fees.

The Organization administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust’s term (usually the designated beneficiary’s lifetime). The present value of the estimated future payments is calculated using applicable mortality tables and a discount rate ranging from 5.80% to 8.00%, depending on the estimated remaining term of the trust. At the death of the income beneficiaries, certain trusts contain provisions to distribute assets to remaindermen other than the Organization. The trust liability at September 30, 2021 and 2020, includes the remainder interest due other remaindermen (charitable foundations). The remaining portion of the trust attributable to the Organization’s future interest in irrevocable trusts is recorded on the statements of activities as contributions with donor restrictions in the period the trust is established. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

Gifts under revocable trust agreements are recorded as assets and offsetting liabilities until they terminate upon the death of the donor. Upon the death of the donor, the trust assets are distributed to beneficiaries and assets becoming the property of the Organization are recognized as contribution income at that time.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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The assets and liabilities of gift annuities and trusts consist of the following:

	2021	2020
Assets		
Equity funds		
Domestic large-cap and mid-cap	\$ 1,109,000	\$ 901,000
Mutual funds		
Emerging market equity	199,000	135,000
Exchange-traded funds	2,342,000	2,099,000
International equity	1,666,000	1,426,000
Large-cap growth/value	581,000	635,000
Small-cap growth/value	1,039,000	836,000
High yield bonds	203,000	192,000
Real estate investment trust	735,000	573,000
Fixed income	1,749,000	1,296,000
Fixed income securities		
Government securities	442,000	406,000
Corporate bonds and notes	960,000	997,000
	<u>\$ 11,025,000</u>	<u>\$ 9,496,000</u>
Liabilities		
Present value of payment		
Gift annuities	\$ 1,369,000	\$ 1,357,000
Charitable remainder trusts	8,261,000	7,061,000
Revocable trusts	-	30,000
	<u>9,630,000</u>	<u>8,448,000</u>
Total liabilities	9,630,000	8,448,000
Less current portion of gift annuities	<u>(325,000)</u>	<u>(166,000)</u>
	<u>\$ 9,305,000</u>	<u>\$ 8,282,000</u>
Noncurrent portion of annuity and trust liabilities	<u>\$ 9,305,000</u>	<u>\$ 8,282,000</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Change in value of annuities and trusts under split-interest agreements for the years ended September 30, 2021 and 2020 consisted of the following:

	2021	2020
Change in value of annuities (without donor restrictions)		
Interest and dividends	\$ 35,000	\$ 42,000
Net realized gain	63,000	18,000
Net unrealized gain	259,000	39,000
Actuarial change	20,000	(19,000)
Annuitant payment	(161,000)	(168,000)
Liability portion of maturities	66,000	103,000
	<u>282,000</u>	<u>15,000</u>
Change in value of trusts (with donor restrictions)		
Interest and dividends	155,000	190,000
Net realized gain	87,000	131,000
Net unrealized gain	1,208,000	21,000
Actuarial change	(755,000)	742,000
Distributions to charitable organizations	(507,000)	(859,000)
Trustor payment	(148,000)	(293,000)
	<u>40,000</u>	<u>(68,000)</u>
	<u><u>\$ 322,000</u></u>	<u><u>\$ (53,000)</u></u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 7: Property and Equipment

Property and equipment consist of:

	2021	2020
Land	\$ 1,235,000	\$ 1,235,000
Buildings and leasehold improvements	4,137,000	4,137,000
Furniture, fixtures and equipment	673,000	669,000
Computer equipment and software	1,472,000	1,408,000
Vehicles	25,000	25,000
	<u>7,542,000</u>	<u>7,474,000</u>
Less accumulated depreciation	<u>(4,459,000)</u>	<u>(4,117,000)</u>
	3,083,000	3,357,000
Less property held for sale	<u>(1,992,000)</u>	<u>-</u>
	<u><u>\$ 1,091,000</u></u>	<u><u>\$ 3,357,000</u></u>

Depreciation expense was approximately \$366,000 and \$230,000 for the years ended September 30, 2021 and 2020, respectively. Approximately \$250,000 of property and equipment, net of accumulated depreciation, is located outside the United States.

As described in Note 16, subsequent to year-end, the Organization sold land, with a book value of \$775,000 and a building, with a net book value of \$1,217,000 to an unrelated company currently leasing space from the Organization. Both assets have been reclassified to property held for sale and presented as a current asset on the 2021 statement of financial position.

Also during 2021, Biblica Africa's Advisory Board approved a plan to sell land and a building, however, as the timing of the sale is uncertain, these assets have not been reclassified to property held for sale as of September 30, 2021.

Note 8: Long-term Debt

Long-term debt consists of the following:

	2021	2020
Note payable, ECCU (A)	\$ 1,329,000	\$ 1,703,000
Other note payable	8,000	30,000
	<u>1,337,000</u>	<u>1,733,000</u>
Less unamortized debt issuance costs	(2,000)	(7,000)
Less current maturities	<u>(259,000)</u>	<u>(245,000)</u>
	<u><u>\$ 1,076,000</u></u>	<u><u>\$ 1,481,000</u></u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

- (A) Due February 5, 2027 to Evangelical Christian Credit Union (ECCU); payable approximately \$25,000 monthly for 120 payments including both principal and interest at 3.375%. The note is secured by Biblica Inc. property, equipment and other tangible assets. As described in Note 16, subsequent to year-end, this note was paid in full.

Aggregate Maturities

Aggregate annual maturities of long-term debt at September 30, 2021, prior to the pay-off of the loan described above, are as follows:

	Long-term Debt
2022	\$ 259,000
2023	255,000
2024	264,000
2025	273,000
2026	286,000
	<u>\$ 1,337,000</u>

Note 9: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for a specified purpose		
Global translation, ministry and innovation	\$ 5,643,000	\$ 4,277,000
Subject to the passage of time		
Irrevocable trusts	529,000	529,000
	<u>\$ 6,172,000</u>	<u>\$ 4,806,000</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	2021	2020
Satisfaction of purpose restrictions		
Global translation, ministry and innovation	<u>\$ 17,274,000</u>	<u>\$ 8,936,000</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 10: Related-party Transactions

The following are related-party transactions and account balances included in various line items in the September 30, 2021 and 2020 consolidated statements of financial position and statements of activities:

	2021	2020
Expenses		
Grants expense	\$ 807,000	\$ 1,030,000
Liabilities		
Accounts payable	\$ 98,000	\$ 6,000

The Organization has various transactions with the non-controlled affiliates listed in Note 1.

Note 11: Allocation of Joint Costs

The costs of providing various programs, services and supporting activities have been summarized on a functional basis in the statements of activities. Certain costs, such as events and mailers, have been allocated among the programs and supporting activities benefited. These joint costs were allocated as follows:

	2021	2020
Program services	\$ 1,058,865	\$ 1,254,000
Fundraising	666,498	713,000
	<u>\$ 1,725,363</u>	<u>\$ 1,967,000</u>

Note 12: Operating Lease

The Organization leases out a portion of its office and warehouse space, located in Colorado Springs, Colorado, to two tenants. The first lease commenced in 2016 and was amended during 2021. The lease, as amended, stipulates monthly rent payments ranging from \$16,500 – \$18,500. The lease extends to 2026 and contains two 5-year options to renew.

The second lease commenced in 2019 and was amended in 2020 to include additional space. The amended lease stipulates monthly rent payments ranging from \$3,000 – \$6,000. The lease terminates on January 31, 2023. Rental revenue of \$456,000 and \$394,000 for 2021 and 2020, respectively, is included in other revenue. Minimum future rentals collectible under both lease agreements at September 30, 2021 and 2020, were \$1,243,000 and \$1,223,000, respectively.

As described in Note 16, subsequent to year-end, the Organization sold land and a building to the tenant described in the second lease, noted above. Following the sale, both of the leases noted above were terminated and no further rental income was collectible under the agreements.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 13: Pension and Other Postretirement Benefit Plans

Biblica Inc. has a 403(b) defined contribution pension plan covering substantially all U.S. employees. Prior to June 1, 2019, changes to the plan, Biblica Inc. matched 50% of employee contributions up to a maximum of 2% of eligible compensation. After the June 1, 2019 conversion to the new plan, Biblica, Inc. continues to match 50% of employee contributions up to a maximum of 2% of eligible compensation, but now also provides a non-matched 2% employer contribution. Eligibility for employer contributions commences after six months of employment. Vesting is 20% per year over a 5-year period in Biblica Inc.'s contributions. Contributions to the plan were approximately \$140,000 and \$123,000 for the years ended September 30, 2021 and 2020, respectively.

Note 14: Significant Estimates and Concentrations

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments and Assets Held for Gift Annuity and Trust Agreements

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Inventory Obsolescence

The Organization estimates an allowance for obsolete inventory, which was \$10,000 at September 30, 2021 and 2020. Actual inventory obsolescence may vary from the allowance accrued.

Contribution Concentration

During 2021 and 2020, the Organization received from the same donor approximately 50% and 30%, respectively, of contributions.

Royalty Agreement Concentration

The Organization has entered into royalty agreements with several publishers to which the right has been granted to use the Holy Bible, *New International Version* (NIV) family of translations and the *New International Reader's Version* (NIrV) in developing various products and formats, such as text, video, audio, digital and electronic for the English-speaking market. The Organization's primary agreement with a major publisher was renegotiated in 2019 and continues until the year 2034. In this new agreement, Zondervan provided a non-recoupable, non-refundable signing bonus of \$1,550,000, of which \$1,000,000 was received in fiscal year 2019 and \$550,000 is payable in fiscal year 2024. Royalty income from this publisher totaled \$4,630,000 and \$3,618,000 for the years ended September 30, 2021 and 2020, respectively, which comprised approximately 75% - 80% of royalty income for the years then ended.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Note 15: Commitments and Contingencies

International Controlled Entities

The international controlled entities are registered charities in their respective countries. As such, they are subject to local laws and regulations and, in the ordinary course of their activities, may come under review by the local taxing authorities. Currently, the Biblica Africa area office is under review by the local taxing authority. It is the opinion of management that the ultimate resolution of the matter will not have a material effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 16: Subsequent Events

Subsequent events have been evaluated through December 17, 2021, which is the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the Organization sold land and a building for \$9 million, resulting in a cash payment of approximately \$2.5 million, payoff of the Organization's loan of approximately \$1.3 million, a loan to the Organization of \$5 million (secured by the property) and closing costs of \$200,000. In connection with the sale, the Organization will lease back occupied property until December 2022 at a base rental charge of \$15,750 per month. See Notes 7, 8 and 12 for additional information.

Supplementary Information

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2021
(in thousands)

Assets

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Assets							
Cash and cash equivalents	\$ 4,008	\$ 51	\$ 350	\$ 1,044	\$ 79	\$ -	\$ 5,532
Accounts receivable, net	26	-	708	321	-	(341)	714
Royalties and other receivables	897	56	-	-	-	-	953
Inventory, net	197	-	9	4	5	-	215
Investments	2,067	4,807	-	-	-	-	6,874
Property held for sale	1,992	-	-	-	-	-	1,992
Prepaid expenses and other assets	488	7	-	-	-	-	495
Total current assets	9,946	4,921	1,067	1,369	84	(341)	17,046
Property and Equipment at Cost, Net	842	-	244	5	-	-	1,091
Other Assets							
Royalties and other receivables	550	-	-	-	-	-	550
Investments	372	1,084	-	-	-	-	1,456
Assets held for gift annuity and trust agreements	-	11,025	-	-	-	-	11,025
Bible collection	-	800	-	-	-	-	800
Other assets	1,239	-	-	-	-	-	1,239
Total other assets	2,161	12,909	-	-	-	-	15,070
Total assets	<u>\$ 12,949</u>	<u>\$ 17,830</u>	<u>\$ 1,311</u>	<u>\$ 1,374</u>	<u>\$ 84</u>	<u>\$ (341)</u>	<u>\$ 33,207</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information (continued)
September 30, 2021
(in thousands)

Liabilities and Net Assets

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Liabilities							
Accounts payable and accrued liabilities	\$ 1,724	\$ -	\$ 718	\$ 716	\$ -	\$ (341)	\$ 2,817
Current portion of gift annuity liability	-	325	-	-	-	-	325
Current maturities of long-term debt	259	-	-	-	-	-	259
Total current liabilities	1,983	325	718	716	-	(341)	3,401
Noncurrent Liabilities							
Royalty advances	78	-	-	-	-	-	78
Deferred compensation	122	-	-	-	-	-	122
Annuities and trusts payable	-	9,305	-	-	-	-	9,305
Long-term debt, net of current portion	1,068	-	-	-	8	-	1,076
Total noncurrent liabilities	1,268	9,305	-	-	8	-	10,581
Total liabilities	3,251	9,630	718	716	8	(341)	13,982
Net Assets							
Without donor restrictions							
Undesignated	4,419	1,863	473	370	69	-	7,194
Designated by the board for contingencies	-	5,891	-	-	-	-	5,891
Cumulative foreign currency translation adjustment	-	-	-	(32)	-	-	(32)
	4,419	7,754	473	338	69	-	13,053
With donor restrictions	5,279	446	120	320	7	-	6,172
Total net assets	9,698	8,200	593	658	76	-	19,225
Total liabilities and net assets	\$ 12,949	\$ 17,830	\$ 1,311	\$ 1,374	\$ 84	\$ (341)	\$ 33,207

Biblica Inc. and Subsidiaries
Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information
Year Ended September 30, 2021
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Revenues, Gains and Other Support							
Contributions - without donor restrictions	\$ 2,797	\$ 147	\$ 3	\$ 194	\$ 3	\$ -	\$ 3,144
Contributions - with donor restrictions	18,600	-	-	-	-	-	18,600
Royalty income	5,762	-	-	-	-	-	5,762
Investment return, net	36	900	-	-	-	-	936
Change in value of annuities and trusts under split-interest agreements	-	322	-	-	-	-	322
Intercompany grants	50	232	475	356	42	(1,155)	-
Other income	684	-	187	119	(1)	-	989
	<u>27,929</u>	<u>1,601</u>	<u>665</u>	<u>669</u>	<u>44</u>	<u>(1,155)</u>	<u>29,753</u>
Expenses							
Program services							
Translate	3,491	-	42	-	3	-	3,536
Innovate	4,859	-	115	107	-	-	5,081
Mobilize	5,913	-	465	412	32	-	6,822
Equip	4,977	25	102	41	-	-	5,145
Grants to Biblica members	1,105	50	-	-	-	(1,155)	-
	<u>20,345</u>	<u>75</u>	<u>724</u>	<u>560</u>	<u>35</u>	<u>(1,155)</u>	<u>20,584</u>
Supporting services							
General and administrative	1,863	79	62	73	2	-	2,079
Fundraising	2,281	7	-	118	-	-	2,406
	<u>4,144</u>	<u>86</u>	<u>62</u>	<u>191</u>	<u>2</u>	<u>-</u>	<u>4,485</u>
Total expenses	<u>24,489</u>	<u>161</u>	<u>786</u>	<u>751</u>	<u>37</u>	<u>(1,155)</u>	<u>25,069</u>
Change in Net Assets Before Foreign Currency Translation Adjustment	3,440	1,440	(121)	(82)	7	-	4,684
Foreign Currency Translation Adjustment	-	-	-	21	(8)	-	13
Change in Net Assets	3,440	1,440	(121)	(61)	(1)	-	4,697
Net Assets, Beginning of Year	6,258	6,760	714	719	77	-	14,528
Net Assets, End of Year	<u>\$ 9,698</u>	<u>\$ 8,200</u>	<u>\$ 593</u>	<u>\$ 658</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 19,225</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2020
(in thousands)

Assets

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Assets							
Cash and cash equivalents	\$ 1,982	\$ 96	\$ 43	\$ 653	\$ 103	\$ -	\$ 2,877
Accounts receivable, net	26	-	1,021	174	-	(133)	1,088
Royalties and other receivables	563	43	-	-	-	-	606
Inventory, net	66	-	9	57	4	-	136
Investments	1,272	3,901	-	-	-	-	5,173
Prepaid expenses and other assets	448	6	22	-	-	-	476
Total current assets	<u>4,357</u>	<u>4,046</u>	<u>1,095</u>	<u>884</u>	<u>107</u>	<u>(133)</u>	<u>10,356</u>
Property and Equipment at Cost, Net	<u>3,099</u>	<u>-</u>	<u>251</u>	<u>7</u>			<u>3,357</u>
Other Assets							
Royalties and other receivables	550	-	-	-	-	-	550
Investments	1,175	866	-	-	-	-	2,041
Assets held for gift annuity and trust agreements	-	9,496	-	-	-	-	9,496
Bible collection	-	800	-	-	-	-	800
Other assets	1,251	-	-	-	-	-	1,251
Total other assets	<u>2,976</u>	<u>11,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,138</u>
Total assets	<u>\$ 10,432</u>	<u>\$ 15,208</u>	<u>\$ 1,346</u>	<u>\$ 891</u>	<u>\$ 107</u>	<u>\$ (133)</u>	<u>\$ 27,851</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information (continued)
September 30, 2020
(in thousands)

Liabilities and Net Assets

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Liabilities							
Accounts payable and accrued liabilities	\$ 1,325	\$ -	\$ 632	\$ 172	\$ -	\$ (133)	\$ 1,996
Refundable advance	759	-	-	-	-	-	759
Current portion of gift annuity liability	-	166	-	-	-	-	166
Current maturities of long-term debt	245	-	-	-	-	-	245
Total current liabilities	2,329	166	632	172	-	(133)	3,166
Noncurrent Liabilities							
Royalty advances	282	-	-	-	-	-	282
Deferred compensation	112	-	-	-	-	-	112
Annuities and trusts payable	-	8,282	-	-	-	-	8,282
Long-term debt, net of current portion	1,451	-	-	-	30	-	1,481
Total noncurrent liabilities	1,845	8,282	-	-	30	-	10,157
Total liabilities	4,174	8,448	632	172	30	(133)	13,323
Net Assets							
Without donor restrictions							
Undesignated	2,329	1,464	584	440	58	-	4,875
Designated by the board for contingencies	125	4,767	-	-	-	-	4,892
Cumulative foreign currency translation adjustment	-	-	-	(53)	8	-	(45)
	2,454	6,231	584	387	66	-	9,722
With donor restrictions	3,804	529	130	332	11	-	4,806
Total net assets	6,258	6,760	714	719	77	-	14,528
Total liabilities and net assets	<u>\$ 10,432</u>	<u>\$ 15,208</u>	<u>\$ 1,346</u>	<u>\$ 891</u>	<u>\$ 107</u>	<u>\$ (133)</u>	<u>\$ 27,851</u>

Biblica Inc. and Subsidiaries
Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information
Year Ended September 30, 2020
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Revenues, Gains and Other Support							
Contributions - without donor restrictions	\$ 1,870	\$ 37	\$ -	\$ 73	\$ -	\$ -	\$ 1,980
Contributions - with donor restrictions	9,356	-	-	75	6	-	9,437
Royalty income	4,482	-	-	-	-	-	4,482
Investment return, net	58	186	-	-	-	-	244
Change in value of annuities and trusts under split-interest agreements	-	(53)	-	-	-	-	(53)
Intercompany grants	750	86	849	747	122	(2,554)	-
Other income	572	-	93	46	(1)	-	710
	<u>17,088</u>	<u>256</u>	<u>942</u>	<u>941</u>	<u>127</u>	<u>(2,554)</u>	<u>16,800</u>
Expenses							
Program services							
Translate	2,420	-	377	262	7	-	3,066
Innovate	5,164	-	73	88	-	-	5,325
Mobilize	4,607	35	592	356	95	-	5,685
Grants to Biblica members	1,804	750	-	-	-	(2,554)	-
	<u>13,995</u>	<u>785</u>	<u>1,042</u>	<u>706</u>	<u>102</u>	<u>(2,554)</u>	<u>14,076</u>
Supporting services							
General and administrative	1,416	74	43	111	5	-	1,649
Fundraising	2,413	11	-	105	-	-	2,529
	<u>3,829</u>	<u>85</u>	<u>43</u>	<u>216</u>	<u>5</u>	<u>-</u>	<u>4,178</u>
Total expenses	<u>17,824</u>	<u>870</u>	<u>1,085</u>	<u>922</u>	<u>107</u>	<u>(2,554)</u>	<u>18,254</u>
Change in Net Assets Before Foreign Currency Translation Adjustment	(736)	(614)	(143)	19	20	-	(1,454)
Foreign Currency Translation Adjustment	-	-	-	58	3	-	61
Change in Net Assets	(736)	(614)	(143)	77	23	-	(1,393)
Net Assets, Beginning of Year	6,994	7,374	857	642	54	-	15,921
Net Assets, End of Year	<u>\$ 6,258</u>	<u>\$ 6,760</u>	<u>\$ 714</u>	<u>\$ 719</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 14,528</u>