



THE INTERNATIONAL BIBLE SOCIETY

Biblica Inc. and Subsidiaries

Independent Auditor's Report and
Consolidated Financial Statements

September 30, 2017 and 2016



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Biblica Inc. and Subsidiaries

September 30, 2017 and 2016

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Independent Auditor's Report on Consolidated Financial Statements and Supplementary Information

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, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 financial position of Biblica Inc. and Subsidiaries as of September 30, 2017 and 2016, 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
January 26, 2018

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position
September 30, 2017 and 2016
(in thousands)

Assets

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 3,713	\$ 5,903
Accounts receivable, net	431	533
Royalties and other receivables	437	237
Inventory, net	122	166
Investments	4,520	5,058
Prepaid expenses and other assets	<u>283</u>	<u>478</u>
Total current assets	<u>9,506</u>	<u>12,375</u>
Property and Equipment at Cost, Net of Accumulated Depreciation	<u>2,922</u>	<u>3,055</u>
Other Assets		
Investments	2,417	1,531
Assets held for gift annuity and trust agreements	11,696	11,594
Bible collection	800	800
Other assets	<u>1,824</u>	<u>1,930</u>
Total other assets	<u>16,737</u>	<u>15,855</u>
Total assets	<u>\$ 29,165</u>	<u>\$ 31,285</u>

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position (continued)
September 30, 2017 and 2016
(in thousands)

Liabilities and Net Assets

	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,674	\$ 1,030
Funds held for others	-	523
Current portion of gift annuity liability	253	265
Current maturities of long-term debt	<u>227</u>	<u>176</u>
Total current liabilities	<u>2,154</u>	<u>1,994</u>
Noncurrent Liabilities		
Royalty advances	536	851
Deferred compensation	70	105
Annuities and trusts payable	10,027	9,897
Interest rate swap agreement	-	16
Long-term debt, net of current portion	<u>2,173</u>	<u>2,426</u>
Total noncurrent liabilities	<u>12,806</u>	<u>13,295</u>
Total liabilities	<u>14,960</u>	<u>15,289</u>
Net Assets		
Unrestricted		
Undesignated	6,394	6,507
Board-designated	5,593	6,438
Cumulative foreign currency translation adjustment	<u>(47)</u>	<u>(68)</u>
Unrestricted	11,940	12,877
Temporarily restricted	<u>2,265</u>	<u>3,119</u>
Total net assets	<u>14,205</u>	<u>15,996</u>
Total liabilities and net assets	<u>\$ 29,165</u>	<u>\$ 31,285</u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2017
(in thousands)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions	\$ 2,670	\$ 3,898	\$ 6,568
Royalty income	5,347	-	5,347
Bible and biblical resource sales, net of cost of sales	551	-	551
Investment return	514	-	514
Change in value of annuities and trusts under split-interest agreements	108	(3)	105
Other income	359	-	359
Net assets released from restrictions	4,749	(4,749)	-
	<u>14,298</u>	<u>(854)</u>	<u>13,444</u>
Total revenues, gains and other support			
Expenses			
Program services			
Bible translation	2,288	-	2,288
Bible publishing	2,879	-	2,879
Bible engagement	6,127	-	6,127
	<u>11,294</u>	<u>-</u>	<u>11,294</u>
Total program services			
Supporting services			
General and administrative	2,610	-	2,610
Fundraising	1,352	-	1,352
	<u>3,962</u>	<u>-</u>	<u>3,962</u>
Total supporting services			
Total expenses	<u>15,256</u>	<u>-</u>	<u>15,256</u>
Change in Net Assets Before Foreign Currency Translation Adjustment	(958)	(854)	(1,812)
Foreign Currency Translation Adjustment	<u>21</u>	<u>-</u>	<u>21</u>
Change in Net Assets	(937)	(854)	(1,791)
Net Assets, Beginning of Period	<u>12,877</u>	<u>3,119</u>	<u>15,996</u>
Net Assets, End of Period	<u>\$ 11,940</u>	<u>\$ 2,265</u>	<u>\$ 14,205</u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2016
(in thousands)

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions	\$ 1,401	\$ 6,014	\$ 7,415
Royalty income	5,453	-	5,453
Bible and biblical resource sales, net of cost of sales	770	-	770
Investment return	673	-	673
Change in value of annuities and trusts under split-interest agreements	184	(50)	134
Other income	357	-	357
Net assets released from restrictions	<u>5,890</u>	<u>(5,890)</u>	<u>-</u>
Total revenues, gains and other support	<u>14,728</u>	<u>74</u>	<u>14,802</u>
Expenses			
Program services			
Bible translation	2,471	-	2,471
Bible publishing	3,078	-	3,078
Bible engagement	<u>5,185</u>	<u>-</u>	<u>5,185</u>
Total program services	<u>10,734</u>	<u>-</u>	<u>10,734</u>
Supporting services			
General and administrative	2,575	-	2,575
Fundraising	<u>1,407</u>	<u>-</u>	<u>1,407</u>
Total supporting services	<u>3,982</u>	<u>-</u>	<u>3,982</u>
Total expenses	<u>14,716</u>	<u>-</u>	<u>14,716</u>
Change in Net Assets Before Foreign Currency Translation Adjustment	12	74	86
Foreign Currency Translation Adjustment	<u>(75)</u>	<u>-</u>	<u>(75)</u>
Change in Net Assets	(63)	74	11
Net Assets, Beginning of Period	<u>12,940</u>	<u>3,045</u>	<u>15,985</u>
Net Assets, End of Period	<u>\$ 12,877</u>	<u>\$ 3,119</u>	<u>\$ 15,996</u>

Biblica Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2017 and 2016
(in thousands)

	<u>2017</u>	<u>2016</u>
Operating Activities		
Change in net assets	\$ (1,791)	\$ 11
Items not requiring (providing) operating activities cash flows		
Depreciation	235	291
Amortization	503	422
Loss on disposal of property and equipment	16	56
Change in value of interest rate swap agreement	(16)	(28)
Net realized and unrealized gain on investments	(391)	(528)
Change in value of annuities and trusts under split-interest agreements	(105)	(134)
Noncash donation	(483)	-
Changes in		
Accounts receivable	92	163
Royalties, pledges and other receivables	(56)	147
Inventory	49	318
Other assets and liabilities	(246)	(701)
Accounts payable, accrued expenses and royalty advances	220	(439)
Funds held for others	(523)	340
	<u>(2,496)</u>	<u>(82)</u>
Net cash used in operating activities		
Investing Activities		
Purchases of investments	(2,327)	(4,411)
Proceeds from sale of investments	3,477	7,185
Purchases of property and equipment	(119)	(344)
Proceeds on sales of property and equipment	-	76
Principal payments received on notes receivable	-	38
	<u>1,031</u>	<u>2,544</u>
Net cash provided by investing activities		
Financing Activities		
Proceeds from issuance of debt	2,540	16
Principal payments on debt	(2,742)	(1,223)
Net proceeds from issuance of new annuities and trusts	-	66
Payments on annuities and trusts payable	(779)	(850)
Investment income on annuities and trusts	241	267
	<u>(740)</u>	<u>(1,724)</u>
Net cash used in financing activities		
Effect of Foreign Currency Exchange Rate Changes on Cash	15	27
Increase (Decrease) in Cash	(2,190)	765
Cash and Cash Equivalents, Beginning of Year	<u>5,903</u>	<u>5,138</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,713</u>	<u>\$ 5,903</u>
Supplementary Cash Flow Information		
Cash paid for interest	<u>\$ 95</u>	<u>\$ 154</u>

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

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.

The primary activities of Biblica Inc. and Subsidiaries are Bible translation, Bible publishing, Bible engagement and resource development programs in the United States and Biblica Inc. is the support center for servicing the worldwide ministry of the Biblica affiliates.

Controlled Affiliates 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 affiliates (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 Burundi, Biblica DRC, Biblica Ethiopia, Biblica Ghana, Biblica Kenya, Biblica Nigeria, Biblica South Africa, Biblica Tanzania, Biblica Uganda, and Biblica Zimbabwe
- East Asia Pacific: Biblica Philippines
- Latin America: Biblica Brazil and Biblica Ecuador
- Middle East: IBS MENA
- South Asia: IBS India and Biblica Publishing & Consulting Private Lmt.

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

Mission: The Organization has been stewarding God's Word for more than 200 years – translating, distributing, and providing programs that help people engage with the Bible. The Organization exists to provide the Bible in accurate, contemporary translations and formats so that more people around the world will have the opportunity to be transformed by Jesus Christ. This is achieved in three ways: Translation & Publishing, Scripture Access, and Bible Engagement. The Organization focuses on the major spoken languages of the world, publishing new translations in print, digital, and audio form. Partnering with like-minded ministries and local churches, the Organization seeks to ensure that people have the opportunity to access and experience God's Word. The Organization also strives to give people the tools they need to apply Scripture to their lives and come to a deeper faith in Jesus Christ.

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

Bible Translation: The Organization translates the full Bible into major spoken languages (one million-plus speakers) so the majority of the world's population can be exposed to the Good News.

Bible Publishing: The Organization publishes new Bible translations in print, digital, and audio formats to meet the needs of a wide variety of peoples and cultures. This includes full Bibles, New Testaments, Scripture portions, and Bible resources. These materials are licensed for use through carefully selected ministry partners who help broaden the reach, exposure, and impact of God's Word.

Bible Engagement: The Organization provides Bibles and Bible resources, and creates and implements programs to encourage deeper Bible engagement. This includes ministry to children and youth, prison inmates, pastors, and church congregations.

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. September 30, 2017, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit with original maturities of three months or less. The Organization's cash accounts exceeded federally insured limits by approximately \$1,450,000.

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 approximately \$490,000 at September 30, 2017.

Accounts Receivable

Accounts receivable consist primarily of amounts due from customers. 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

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

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 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 market on the first-in, first-out (FIFO) method and consist of English and foreign language Bibles, New Testaments and Scripture portions.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. These investments are classified as current or noncurrent based on the original maturities of the individual securities. 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. Investments have been classified as short-term or long-term based on their maturity dates or expectations to convert to cash.

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 or royalties. Capitalized production costs, net of accumulated amortization, of \$1,690,000 and \$1,930,000 as of September 30, 2017 and 2016, 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, 2017 and 2016 was \$503,000 and \$422,000, respectively.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Funds Held for Others

The Organization has historically held funds on behalf of IBS MENA. During 2017, these funds were approved for distribution. Approximately \$178,000 of these pass-through funds at September 30, 2017 were committed for distribution but not yet transferred. These undistributed amounts reside in accounts payable on the 2017 statements of financial position.

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.

Revenue Recognition

Contributions

Contributions are recorded when cash is received or unconditionally promised, or ownership of donated assets is transferred to the Organization. Contributions restricted by the donors for specific purposes are set aside in a restricted cash account until funds have been expended for the purposes specified and are recorded as support in the temporarily restricted class of net assets. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. Bequests are recorded as income at the time a right to the bequest has been established and the proceeds are measurable. Contributions received with donor restrictions that are spent in the same year are reported as temporarily restricted revenues and net assets released from restrictions.

Royalty Income

Royalty income is recognized as royalties are earned.

Bible and Biblical Resource Sales

Revenue from the sale of Bibles is recognized as products are delivered to customers. The sales are reflected on the statements of activities as net sales of \$2,294,000 and \$2,729,000 with cost of sales of \$1,743,000 and \$1,959,000 for the years ended September 30, 2017 and 2016, respectively.

Other Income

For the years ended September 30, 2017 and 2016, other income primarily included rental income.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on relative efforts expended on each activity.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

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.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Note 2: Royalties and Other Receivables

Royalties and other receivables consist of:

	2017	2016
Royalties receivable	\$ 330,000	\$ 126,000
Other receivables	107,000	111,000
	\$ 437,000	\$ 237,000

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Note 3: Investments

Investments consist of the following:

	<u>2017</u>	<u>2016</u>
Current Investments		
Certificates of deposit	\$ 248,000	\$ -
Money market funds	284,000	551,000
Equity funds		
Domestic large-cap and mid-cap	444,000	420,000
Mutual funds		
Emerging markets equity	138,000	112,000
Exchange-traded funds	1,193,000	1,474,000
Global equity	463,000	476,000
International equity	237,000	181,000
Small-cap growth/value	783,000	992,000
High yield bonds	-	26,000
Real estate investment trust	331,000	459,000
Fixed income	292,000	355,000
Fixed income securities		
Corporate bonds and notes	107,000	-
Alternative investments	-	12,000
	<u>4,520,000</u>	<u>5,058,000</u>
Noncurrent Investments		
Certificates of deposit	495,000	-
Large-cap and mid-cap equity mutual funds	70,000	105,000
Fixed income securities		
Government securities	446,000	457,000
Corporate bonds and notes	736,000	769,000
U.S. Treasury notes	139,000	147,000
Cash surrender value life insurance (held at cash surrender value)	48,000	47,000
Investment in LLC	483,000	-
Alternative investments	-	6,000
	<u>2,417,000</u>	<u>1,531,000</u>
	<u>\$ 6,937,000</u>	<u>\$ 6,589,000</u>

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.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Total investment return for the years ended September 30, 2017 and 2016 is composed of the following:

	2017	2016
Interest and dividend income	\$ 123,000	\$ 145,000
Net realized gain on investments reported at fair value	92,000	107,000
Net unrealized gain on investments reported at fair value	299,000	421,000
	\$ 514,000	\$ 673,000

Note 4: 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, 2017, 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, 2017 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 temporarily restricted contributions 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
September 30, 2017 and 2016

The assets and liabilities of gift annuities and trusts consist of the following:

	2017	2016
Assets		
Money market funds	\$ 242,000	\$ 169,000
Equity funds		
Domestic large-cap and mid-cap	826,000	887,000
Mutual funds		
Emerging market equity	48,000	52,000
Exchange-traded funds	3,214,000	3,219,000
Global equity	1,493,000	1,266,000
International equity	3,000	139,000
Large-cap growth/value	604,000	718,000
Small-cap growth/value	1,236,000	1,153,000
High yield bonds	172,000	620,000
Real estate investment trust	598,000	616,000
Fixed income	882,000	344,000
Fixed income securities		
Government securities	732,000	798,000
Corporate bonds and notes	1,361,000	1,376,000
U.S. Treasury notes	285,000	230,000
Alternative investments	-	7,000
	\$ 11,696,000	\$ 11,594,000
Liabilities		
Present value of payment		
Gift annuities	\$ 1,683,000	\$ 1,811,000
Charitable remainder trusts	8,486,000	8,224,000
Charitable remainder annuity trusts	71,000	87,000
Revocable trusts	40,000	40,000
	10,280,000	10,162,000
Less current portion of gift annuities	(253,000)	(265,000)
Noncurrent portion of annuity and trust liabilities	\$ 10,027,000	\$ 9,897,000

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Change in value of annuities and trusts under split-interest agreements for the years ended September 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Change in value of annuities (unrestricted)		
Interest and dividends	\$ 62,000	\$ 73,000
Net realized gain	40,000	31,000
Net unrealized gain	147,000	208,000
Actuarial change	56,000	41,000
Annuitant payment	(251,000)	(265,000)
Liability portion of maturities	<u>54,000</u>	<u>96,000</u>
	<u>108,000</u>	<u>184,000</u>
Change in value of trusts (temporarily restricted)		
Interest and dividends	179,000	194,000
Net realized gain	139,000	118,000
Net unrealized gain	512,000	698,000
Actuarial change	(305,000)	(475,000)
Distributions to charitable organizations	(304,000)	(333,000)
Trustor payment	<u>(224,000)</u>	<u>(252,000)</u>
	<u>(3,000)</u>	<u>(50,000)</u>
	<u>\$ 105,000</u>	<u>\$ 134,000</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
September 30, 2017 and 2016

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, 2017 and 2016:

	2017			
	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	\$ 743,000	\$ -	\$ 743,000	\$ -
Money market funds, held by brokerage firm	284,000	284,000	-	-
Equity funds				
Domestic large-cap	444,000	444,000	-	-
Mutual funds				
Emerging markets equity	138,000	138,000	-	-
Exchange-traded funds	1,193,000	1,193,000	-	-
Large- and mid-cap equity	70,000	70,000	-	-
Global equity	463,000	463,000	-	-
International equity	237,000	237,000	-	-
Small-cap growth/value	783,000	783,000	-	-
Real estate investment trust	331,000	331,000	-	-
Fixed income	292,000	292,000	-	-
Fixed income securities				
Government securities	446,000	-	446,000	-
Corporate bonds and notes	843,000	-	843,000	-
U.S. Treasury notes	139,000	-	139,000	-
Cash surrender value life insurance	48,000	N/A	N/A	N/A
Investment in LLC	483,000	N/A	N/A	N/A
	<u>\$ 6,937,000</u>	<u>\$ 4,235,000</u>	<u>\$ 2,171,000</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

	2017				
	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	\$ 242,000	\$ 242,000	\$ -	\$ -	
Equity funds					
Domestic large-cap	826,000	826,000	-	-	
Mutual funds					
Emerging market equity	48,000	48,000	-	-	
Exchange-traded funds	3,214,000	3,214,000	-	-	
Global equity	1,493,000	1,493,000	-	-	
International equity	3,000	3,000	-	-	
Large-cap growth/value	604,000	604,000	-	-	
Small-cap growth/value	1,236,000	1,236,000	-	-	
High yield bonds	172,000	172,000	-	-	
Real estate investment trust	598,000	598,000	-	-	
Fixed income	882,000	882,000	-	-	
Fixed income securities					
Government securities	732,000	-	732,000	-	
Corporate bonds and notes	1,361,000	-	1,361,000	-	
U.S. Treasury notes	285,000	-	285,000	-	
	<u>\$ 11,696,000</u>	<u>\$ 9,318,000</u>	<u>\$ 2,378,000</u>	<u>\$ -</u>	
Liabilities					
Charitable Remainder Trust Liability	<u>\$ (8,526,000)</u>	<u>\$ -</u>	<u>\$ (8,526,000)</u>	<u>\$ -</u>	

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

	2016				
	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					
Money market funds, held by brokerage firm	\$ 551,000	\$ 551,000	\$ -	\$ -	
Equity funds					
Domestic large-cap	420,000	420,000	-	-	
Mutual funds					
Emerging markets equity	112,000	112,000	-	-	
Exchange-traded funds	1,474,000	1,474,000	-	-	
Large- and mid-cap equity	105,000	105,000	-	-	
Global equity	476,000	476,000	-	-	
International equity	181,000	181,000	-	-	
Small-cap growth/value	992,000	992,000	-	-	
High yield bonds	26,000	26,000	-	-	
Real estate investment trust	459,000	459,000	-	-	
Fixed income	355,000	355,000	-	-	
Fixed income securities					
Government securities	457,000	-	457,000	-	
Corporate bonds and notes	769,000	-	769,000	-	
U.S. Treasury notes	147,000	-	147,000	-	
Alternative investments	18,000 *	N/A	N/A	N/A	
Cash surrender value life insurance	47,000	N/A	N/A	N/A	
	<u>\$ 6,589,000</u>	<u>\$ 5,151,000</u>	<u>\$ 1,373,000</u>	<u>\$ -</u>	

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

	2016			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices		Significant Unobservable Inputs (Level 3)
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Assets Held for Gift Annuity and Trust Agreements				
Money market funds, held by brokerage firm	\$ 169,000	\$ 169,000	\$ -	\$ -
Equity funds				
Domestic large-cap	887,000	887,000	-	-
Mutual funds				
Emerging market equity	52,000	52,000	-	-
Exchange-traded funds	3,219,000	3,219,000	-	-
Global equity	1,266,000	1,266,000	-	-
International equity	139,000	139,000	-	-
Large-cap growth/value	718,000	718,000	-	-
Small-cap growth/value	1,153,000	1,153,000	-	-
High yield bonds	620,000	620,000	-	-
Real estate investment trust	616,000	616,000	-	-
Fixed income	344,000	344,000	-	-
Fixed income securities				
Government securities	798,000	-	798,000	-
Corporate bonds and notes	1,376,000	-	1,376,000	-
U.S. Treasury notes	230,000	-	230,000	-
Alternative investments	7,000 *	N/A	N/A	N/A
	<u>\$ 11,594,000</u>	<u>\$ 9,183,000</u>	<u>\$ 2,404,000</u>	<u>\$ -</u>
Liabilities				
Interest rate swap agreement	<u>\$ (16,000)</u>	<u>\$ -</u>	<u>\$ (16,000)</u>	<u>\$ -</u>
Charitable Remainder Trust Liability	<u>\$ (8,264,000)</u>	<u>\$ -</u>	<u>\$ (8,264,000)</u>	<u>\$ -</u>

* In accordance with Accounting Standards Update (ASU) 2016-07, the Organization is no longer required to classify investments in certain entities that calculate net asset value per share (or its equivalent) in the fair value hierarchy, above.

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

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, 2017 and 2016.

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.

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments consisted primarily of investments in equity long/short hedge funds and investments in fund of funds at September 30, 2016. These investments were in a lock-up period as the funds “wind down” and were expected to be liquidated and paid out over two to three years. At September 30, 2017, the Organization received 100% of their initial balances.

The finance department received audited financial statements of the alternative investments from the respective fund managers on an annual basis. The finance department reviewed the financial statements, challenged the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complied with accounting standards generally accepted in the United States.

Interest Rate Swap Agreement

The fair value of the Organization’s interest rate swap agreement was estimated using forward-looking interest rate curves and discounted cash flows that were observable or could be corroborated by observable market data and, therefore, was classified within Level 2 of the valuation hierarchy for 2016.

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, 2017 and 2016

Note 6: Property and Equipment

Property and equipment consist of:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,211,000	\$ 1,211,000
Buildings and leasehold improvements	4,028,000	4,010,000
Furniture, fixtures and equipment	1,117,000	1,336,000
Computer equipment and software	600,000	1,308,000
Vehicles	<u>25,000</u>	<u>25,000</u>
	6,981,000	7,890,000
Less accumulated depreciation	<u>(4,059,000)</u>	<u>(4,835,000)</u>
	<u>\$ 2,922,000</u>	<u>\$ 3,055,000</u>

Depreciation expense was approximately \$235,000 and \$291,000 for the years ended September 30, 2017 and 2016, respectively. Approximately \$256,000 of property and equipment, net of accumulated depreciation, is located outside the United States.

Note 7: Long-term Debt

	<u>2017</u>	<u>2016</u>
Note payable, ECCU (A)	\$ 2,414,000	\$ -
Note payable, BBVA Compass Bank (B)	-	2,589,000
Other note payable	<u>8,000</u>	<u>13,000</u>
	2,422,000	2,602,000
Less unamortized debt issuance costs	(22,000)	-
Less current maturities	<u>(227,000)</u>	<u>(176,000)</u>
	<u>\$ 2,173,000</u>	<u>\$ 2,426,000</u>

Long-term debt consists of the following:

- (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. Unamortized debt issuance costs were approximately \$22,000 at September 30, 2017.
- (B) Due November 20, 2017 to BBVA Compass Bank; payable \$14,000 monthly plus interest at the one-month London Inter-Bank Offered Rate (LIBOR) rate (0.20% at September 30, 2016), plus 3.00%. This note was paid in full in January 2017 as a result of a refinance with ECCU (item (A) above).

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Aggregate Maturities

Aggregate annual maturities of long-term debt at September 30, 2017 are as follows:

	Long-term Debt
2018	\$ 227,000
2019	232,000
2020	237,000
2021	245,000
2022	253,000
Thereafter	<u>1,228,000</u>
	<u><u>\$ 2,422,000</u></u>

Note 8: Derivative Financial Instruments

Variable-to-Fixed Interest Rate Swap

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Organization entered into an interest rate swap agreement for its floating rate debt. The agreement provided for the Organization to receive interest from the counterparty at LIBOR, plus 3.00% with a floor rate of 3.50% and to pay interest to the counterparty at a fixed rate of 4.19% on notional amounts. Under the agreement, the Organization paid or received the net interest amount monthly, with the monthly settlements included in interest expense. The Organization's interest rate swap was terminated in connection with the full payment of the related note during 2017. See Note 7.

The table below presents certain information regarding the Organization's interest rate swap agreement.

	2017	2016
Fair value of interest rate swap agreement	\$ -	\$ (16,000)
Statement of financial position location	Long-term	Long-term
of fair value amount	liabilities	liabilities
Gain recognized in change in net assets	16,000	28,000
Location of gain recognized		
in change in net assets	Other income	Other income

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

Note 9: Net Assets

Board-designated Net Assets

The Board has designated net assets of \$5,593,000 and \$6,438,000 for contingencies as of September 30, 2017 and 2016, respectively.

Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2017 and 2016 are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Irrevocable trusts	\$ 533,000	\$ 545,000
Bible translation, publishing and engagement ministries	<u>1,732,000</u>	<u>2,574,000</u>
	<u>\$ 2,265,000</u>	<u>\$ 3,119,000</u>

Note 10: Related-party Transactions

The following are related-party transactions and account balances included in various line items in the September 30, 2017 and 2016 statements of financial position and statements of activities:

	<u>2017</u>	<u>2016</u>
Revenues and Expenses		
Sales	\$ 90,000	\$ 77,000
Cost of sales	90,000	77,000
Grants expense	1,668,000	1,959,000
Assets and Liabilities		
Accounts receivable	30,000	45,000
Royalties, pledges and other receivables	52,000	76,000
Accounts payable	1,000	-

The Organization has various transactions with the non-controlled Affiliates listed in Note 1. Related-party accounts receivable, above, are expected to be either collected in cash or used to offset future, budgeted disbursements to the respective entities.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

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 salaries, have been allocated among the programs and supporting activities benefited. The Organization incurred joint costs of \$428,000 and \$256,000 for the years ended September 30, 2017 and 2016, respectively. These joint costs were allocated as follows:

	2017	2016
Program services	\$ 260,000	\$ 149,000
Fundraising	168,000	107,000
	\$ 428,000	\$ 256,000

Note 12: Lessor Operating Lease

The Organization leased out a portion of its office and warehouse space, located in Colorado Springs, Colorado, to a tenant. The lease term stipulated monthly rents of approximately \$10,000. The lease expired on September 30, 2016.

On September 30, 2016, upon expiration of the lease agreement above, the Organization leased out the same space to a different tenant. The new lease commenced on November 1, 2016. The lease term stipulates monthly rents of approximately \$10,000 with a 2.5% escalation at each 12-month anniversary. The lease extends to May 2027 and contains two 5-year options to renew.

Note 13: Pension and Other Post-retirement Benefit Plans

Biblica Inc. has a 403(b) defined contribution pension plan covering substantially all U.S. employees. Biblica Inc. matches 50% of employee contributions up to a maximum of 2% of eligible compensation. Employees vest 25% per year over a four-year period in Biblica Inc.'s contributions. Contributions to the plan were approximately \$42,000 and \$52,000 for the years ended September 30, 2017 and 2016, respectively.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016

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:

Inventory Obsolescence

The Organization estimates an allowance for obsolete inventory, which was \$56,000 and \$58,000 at September 30, 2017 and 2016, respectively. Actual inventory obsolescence may vary from the allowance accrued.

Contribution Concentration

During 2017, the Organization received donations of \$2,336,000 from two donors. These represent approximately 37% of total 2017 contributions.

During 2016, the Organization received donations of \$2,750,000 from two donors. These represent approximately 40% of total 2016 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 1995 and continues until the year 2023. Royalty income from this publisher totaled \$4,278,000 and \$4,148,000 for the years ended September 30, 2017 and 2016, respectively, which comprised approximately 75% of royalty income for the years then ended.

Note 15: Subsequent Events

In October 2017, the CEO resigned. The Organization's Board has formed an executive search committee, retained an outside recruiting firm, and has begun its active search for a CEO.

In October 2017, the COO position was eliminated, and in January 2018, six other of the Organization's headquarters positions were eliminated as a result of a restructure due to changed ministry needs and reduced income levels.

Subsequent events have been evaluated through January 26, 2018, which is the date the financial statements were available to be issued.

Supplementary Information

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2017
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Assets							
Cash and cash equivalents	\$ 2,648	\$ 100	\$ 515	\$ 426	\$ 24	\$ -	\$ 3,713
Accounts receivable, net	51	-	349	50	-	(19)	431
Royalties and other receivables	384	26	-	27	-	-	437
Inventory, net	15	-	-	99	8	-	122
Investments	248	4,272	-	-	-	-	4,520
Prepaid expenses and other assets	215	-	60	8	-	-	283
	<u>3,561</u>	<u>4,398</u>	<u>924</u>	<u>610</u>	<u>32</u>	<u>(19)</u>	<u>9,506</u>
Property and Equipment at Cost, Net	<u>2,666</u>	<u>-</u>	<u>251</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>2,922</u>
Other Assets							
Investments	1,096	1,321	-	-	-	-	2,417
Assets held for gift annuity and trust agreements	-	11,696	-	-	-	-	11,696
Bible collection	-	800	-	-	-	-	800
Other assets	1,824	-	-	-	-	-	1,824
	<u>2,920</u>	<u>13,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,737</u>
Total assets	<u>\$ 9,147</u>	<u>\$ 18,215</u>	<u>\$ 1,175</u>	<u>\$ 615</u>	<u>\$ 32</u>	<u>\$ (19)</u>	<u>\$ 29,165</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2017 (continued)
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Liabilities							
Accounts payable and accrued liabilities	\$ 1,128	\$ 16	\$ 427	\$ 120	\$ 2	\$ (19)	\$ 1,674
Current portion of gift annuity liability	-	253	-	-	-	-	253
Current maturities of long-term debt	227	-	-	-	-	-	227
Total current liabilities	<u>1,355</u>	<u>269</u>	<u>427</u>	<u>120</u>	<u>2</u>	<u>(19)</u>	<u>2,154</u>
Noncurrent Liabilities							
Royalty advances	536	-	-	-	-	-	536
Deferred compensation	70	-	-	-	-	-	70
Annuities and trusts payable	-	10,027	-	-	-	-	10,027
Long-term debt, net of current portion	2,173	-	-	-	-	-	2,173
Total noncurrent liabilities	<u>2,779</u>	<u>10,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,806</u>
Total liabilities	<u>4,134</u>	<u>10,296</u>	<u>427</u>	<u>120</u>	<u>2</u>	<u>(19)</u>	<u>14,960</u>
Net Assets							
Unrestricted							
Undesignated	3,465	1,793	691	424	21	-	6,394
Board-designated	-	5,593	-	-	-	-	5,593
Cumulative foreign currency translation adjustment	-	-	-	(54)	7	-	(47)
Unrestricted	<u>3,465</u>	<u>7,386</u>	<u>691</u>	<u>370</u>	<u>28</u>	<u>-</u>	<u>11,940</u>
Temporarily restricted	1,548	533	57	125	2	-	2,265
Total net assets	<u>5,013</u>	<u>7,919</u>	<u>748</u>	<u>495</u>	<u>30</u>	<u>-</u>	<u>14,205</u>
Total liabilities and net assets	<u>\$ 9,147</u>	<u>\$ 18,215</u>	<u>\$ 1,175</u>	<u>\$ 615</u>	<u>\$ 32</u>	<u>\$ (19)</u>	<u>\$ 29,165</u>

Biblica Inc. and Subsidiaries
Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information
Year Ended September 30, 2017
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Revenues, Gains and Other Support							
Contributions - unrestricted	\$ 2,534	\$ 3	\$ 46	\$ 86	\$ 1	\$ -	\$ 2,670
Contributions - temporarily restricted	3,891	-	-	7	-	-	3,898
Royalty income	5,347	-	-	-	-	-	5,347
Bible and biblical resource sales, net of cost of sales	310	-	96	145	-	-	551
Investment return	-	514	-	-	-	-	514
Change in value of annuities and trusts under split-interest agreements	-	105	-	-	-	-	105
Intercompany grants	1,622	229	650	603	37	(3,141)	-
Other income	280	-	59	20	-	-	359
Total revenues, gains and other support	13,984	851	851	861	38	(3,141)	13,444
Expenses							
Program services							
Bible translation	1,507	-	489	279	13	-	2,288
Bible publishing	2,510	-	93	276	-	-	2,879
Bible engagement	5,582	28	308	189	20	-	6,127
Grants to Biblica members	1,519	1,622	-	-	-	(3,141)	-
Total program services	11,118	1,650	890	744	33	(3,141)	11,294
Supporting services							
General and administrative	2,381	84	78	56	11	-	2,610
Fundraising	1,308	10	-	34	-	-	1,352
Total supporting services	3,689	94	78	90	11	-	3,962
Total expenses	14,807	1,744	968	834	44	(3,141)	15,256
Change in Net Assets Before Foreign Currency Translation Adjustment	(823)	(893)	(117)	27	(6)	-	(1,812)
Foreign Currency Translation Adjustment	-	-	-	19	2	-	21
Change in Net Assets	(823)	(893)	(117)	46	(4)	-	(1,791)
Net Assets, Beginning of Year	5,836	8,812	865	449	34	-	15,996
Net Assets, End of Year	\$ 5,013	\$ 7,919	\$ 748	\$ 495	\$ 30	\$ -	\$ 14,205

Biblica Inc. and Subsidiaries
Schedule of Functional Expenses
Year Ended September 30, 2017
(in thousands)

	Bible Translation	Bible Publishing	Bible Engagement	General and Administrative	Fundraising	Total Expenses
Salaries and benefits	\$ 495	\$ 1,495	\$ 1,880	\$ 1,537	\$ 260	\$ 5,667
Marketing and promotion	-	79	327	1	742	1,149
Ministry grants and grants of Scripture	857	45	2,707	-	-	3,609
Freight, shipping and postage	-	48	69	35	4	156
Depreciation and amortization	375	209	61	82	11	738
Professional services	217	593	336	394	201	1,741
Travel	216	149	574	129	117	1,185
Interest	5	12	14	58	3	92
Equipment and supplies	18	65	10	54	5	152
Utilities, phone and occupancy	67	126	129	170	13	505
Other expenses	38	58	20	150	(4)	262
	<u>38</u>	<u>58</u>	<u>20</u>	<u>150</u>	<u>(4)</u>	<u>262</u>
Total	<u>\$ 2,288</u>	<u>\$ 2,879</u>	<u>\$ 6,127</u>	<u>\$ 2,610</u>	<u>\$ 1,352</u>	<u>\$ 15,256</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2016
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Assets							
Cash and cash equivalents	\$ 5,096	\$ 125	\$ 341	\$ 301	\$ 40	\$ -	\$ 5,903
Accounts receivable, net	78	-	399	67	-	(11)	533
Royalties and other receivables	288	26	-	22	-	(99)	237
Inventory, net	78	-	-	88	-	-	166
Investments	-	5,058	-	-	-	-	5,058
Prepaid expenses and other assets	357	9	103	9	-	-	478
	<u>5,897</u>	<u>5,218</u>	<u>843</u>	<u>487</u>	<u>40</u>	<u>(110)</u>	<u>12,375</u>
Property and Equipment at Cost, Net	<u>2,786</u>	<u>-</u>	<u>258</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>3,055</u>
Other Assets							
Investments	158	1,373	-	-	-	-	1,531
Assets held for gift annuity and trust agreements	-	11,594	-	-	-	-	11,594
Bible collection	-	800	-	-	-	-	800
Other assets	1,930	-	-	-	-	-	1,930
	<u>2,088</u>	<u>13,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,855</u>
Total assets	<u>\$ 10,771</u>	<u>\$ 18,985</u>	<u>\$ 1,101</u>	<u>\$ 498</u>	<u>\$ 40</u>	<u>\$ (110)</u>	<u>\$ 31,285</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2016 (continued)
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Liabilities							
Accounts payable and accrued liabilities	\$ 838	\$ 11	\$ 236	\$ 49	\$ 6	\$ (110)	\$ 1,030
Funds held for others	523	-	-	-	-	-	523
Current portion of gift annuity liability	-	265	-	-	-	-	265
Current maturities of long-term debt	176	-	-	-	-	-	176
	<u>1,537</u>	<u>276</u>	<u>236</u>	<u>49</u>	<u>6</u>	<u>(110)</u>	<u>1,994</u>
Total current liabilities							
	<u>1,537</u>	<u>276</u>	<u>236</u>	<u>49</u>	<u>6</u>	<u>(110)</u>	<u>1,994</u>
Noncurrent Liabilities							
Royalty advances	851	-	-	-	-	-	851
Deferred compensation	105	-	-	-	-	-	105
Annuities and trusts payable	-	9,897	-	-	-	-	9,897
Interest rate swap agreement	16	-	-	-	-	-	16
Long-term debt, net of current portion	2,426	-	-	-	-	-	2,426
	<u>3,398</u>	<u>9,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,295</u>
Total noncurrent liabilities							
	<u>3,398</u>	<u>9,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,295</u>
Total liabilities	<u>4,935</u>	<u>10,173</u>	<u>236</u>	<u>49</u>	<u>6</u>	<u>(110)</u>	<u>15,289</u>
Net Assets							
Unrestricted							
Undesignated	3,584	1,829	663	404	27	-	6,507
Board-designated	-	6,438	-	-	-	-	6,438
Cumulative foreign currency translation adjustment	-	-	-	(73)	5	-	(68)
	<u>3,584</u>	<u>8,267</u>	<u>663</u>	<u>331</u>	<u>32</u>	<u>-</u>	<u>12,877</u>
Temporarily restricted	2,252	545	202	118	2	-	3,119
	<u>2,252</u>	<u>545</u>	<u>202</u>	<u>118</u>	<u>2</u>	<u>-</u>	<u>3,119</u>
Total net assets	<u>5,836</u>	<u>8,812</u>	<u>865</u>	<u>449</u>	<u>34</u>	<u>-</u>	<u>15,996</u>
Total liabilities and net assets	<u>\$ 10,771</u>	<u>\$ 18,985</u>	<u>\$ 1,101</u>	<u>\$ 498</u>	<u>\$ 40</u>	<u>\$ (110)</u>	<u>\$ 31,285</u>

Biblica Inc. and Subsidiaries
Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information
Year Ended September 30, 2016
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Revenues, Gains and Other Support							
Contributions - unrestricted	\$ 1,283	\$ 47	\$ -	\$ 69	\$ 2	\$ -	\$ 1,401
Contributions - temporarily restricted	5,968	-	-	46	-	-	6,014
Royalty income	5,453	-	-	-	-	-	5,453
Bible and biblical resource sales, net of cost of sales	534	-	69	167	-	-	770
Investment return	-	672	-	1	-	-	673
Change in value of annuities and trusts under split-interest agreements	-	134	-	-	-	-	134
Intercompany grants	1,561	603	852	552	54	(3,622)	-
Other income	248	-	106	3	-	-	357
Total revenues, gains and other support	15,047	1,456	1,027	838	56	(3,622)	14,802
Expenses							
Program services							
Bible translation	1,795	-	440	332	-	(96)	2,471
Bible publishing	2,838	-	97	143	-	-	3,078
Bible engagement	4,720	16	276	144	29	-	5,185
Grants to Biblica members	1,965	1,491	-	70	-	(3,526)	-
Total program services	11,318	1,507	813	689	29	(3,622)	10,734
Supporting services							
General and administrative	2,331	95	95	42	12	-	2,575
Fundraising	1,351	5	-	49	2	-	1,407
Total supporting services	3,682	100	95	91	14	-	3,982
Total expenses	15,000	1,607	908	780	43	(3,622)	14,716
Change in Net Assets Before Foreign Currency Translation Adjustment	47	(151)	119	58	13	-	86
Foreign Currency Translation Adjustment	-	-	-	(75)	-	-	(75)
Change in Net Assets	47	(151)	119	(17)	13	-	11
Net Assets, Beginning of Year	5,789	8,963	746	466	21	-	15,985
Net Assets, End of Year	\$ 5,836	\$ 8,812	\$ 865	\$ 449	\$ 34	\$ -	\$ 15,996

Biblica Inc. and Subsidiaries
Schedule of Functional Expenses
Year Ended September 30, 2016
(in thousands)

	Bible Translation	Bible Publishing	Bible Engagement	General and Administrative	Fundraising	Total Expenses
Salaries and benefits	\$ 598	\$ 1,538	\$ 1,847	\$ 1,535	\$ 174	\$ 5,692
Marketing and promotion	-	135	111	1	785	1,032
Ministry grants and grants of Scripture	1,044	66	2,076	-	-	3,186
Freight, shipping and postage	1	126	28	16	2	173
Depreciation and amortization	349	199	59	96	10	713
Professional services	195	514	322	301	360	1,692
Travel	211	89	541	151	58	1,050
Interest	8	31	21	86	3	149
Equipment and supplies	3	73	32	95	4	207
Utilities, phone and occupancy	42	170	128	138	11	489
Other expenses	20	137	20	156	-	333
	<u>20</u>	<u>137</u>	<u>20</u>	<u>156</u>	<u>-</u>	<u>333</u>
Total	<u>\$ 2,471</u>	<u>\$ 3,078</u>	<u>\$ 5,185</u>	<u>\$ 2,575</u>	<u>\$ 1,407</u>	<u>\$ 14,716</u>