



THE INTERNATIONAL BIBLE SOCIETY

Biblica Inc. and Subsidiaries

Independent Auditor's Report and
Consolidated Financial Statements

September 30, 2018 and 2017



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Biblica Inc. and Subsidiaries

September 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits 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 29, 2019

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position
September 30, 2018 and 2017
(in thousands)

Assets

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 4,338	\$ 3,713
Accounts receivable, net	386	431
Royalties and other receivables	326	437
Contributions receivable	456	-
Inventory, net	136	122
Investments	5,513	4,520
Prepaid expenses and other assets	<u>250</u>	<u>283</u>
Total current assets	<u>11,405</u>	<u>9,506</u>
Property and Equipment at Cost, Net of Accumulated Depreciation	<u>2,856</u>	<u>2,922</u>
Other Assets		
Investments	1,881	2,417
Assets held for gift annuity and trust agreements	11,218	11,696
Bible collection	800	800
Other assets	<u>1,409</u>	<u>1,824</u>
Total other assets	<u>15,308</u>	<u>16,737</u>
Total assets	<u>\$ 29,569</u>	<u>\$ 29,165</u>

Biblica Inc. and Subsidiaries
Consolidated Statements of Financial Position (continued)
September 30, 2018 and 2017
(in thousands)

Liabilities and Net Assets

	<u>2018</u>	<u>2017</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,321	\$ 1,674
Current portion of gift annuity liability	212	253
Current maturities of long-term debt	<u>232</u>	<u>227</u>
Total current liabilities	<u>1,765</u>	<u>2,154</u>
Noncurrent Liabilities		
Royalty advances	520	536
Deferred compensation	101	70
Annuities and trusts payable	9,957	10,027
Long-term debt, net of current portion	<u>1,933</u>	<u>2,173</u>
Total noncurrent liabilities	<u>12,511</u>	<u>12,806</u>
Total liabilities	<u>14,276</u>	<u>14,960</u>
Net Assets		
Unrestricted		
Undesignated	6,410	6,394
Board-designated	5,522	5,593
Cumulative foreign currency translation adjustment	<u>(64)</u>	<u>(47)</u>
Unrestricted	11,868	11,940
Temporarily restricted	<u>3,425</u>	<u>2,265</u>
Total net assets	<u>15,293</u>	<u>14,205</u>
Total liabilities and net assets	<u>\$ 29,569</u>	<u>\$ 29,165</u>

Biblica Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended September 30, 2018
(in thousands)

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions	\$ 2,020	\$ 5,662	\$ 7,682
Royalty income	4,734	-	4,734
Bible and biblical resource sales, net of cost of sales	665	-	665
Investment return	334	-	334
Change in value of annuities and trusts under split-interest agreements	16	(32)	(16)
Other income	494	-	494
Net assets released from restrictions	4,470	(4,470)	-
	<u>12,733</u>	<u>1,160</u>	<u>13,893</u>
Total revenues, gains and other support			
Expenses			
Program services			
Bible translation	2,125	-	2,125
Bible publishing	2,559	-	2,559
Bible engagement	4,881	-	4,881
	<u>9,565</u>	<u>-</u>	<u>9,565</u>
Total program services			
Supporting services			
General and administrative	2,082	-	2,082
Fundraising	1,141	-	1,141
	<u>3,223</u>	<u>-</u>	<u>3,223</u>
Total supporting services			
Total expenses	<u>12,788</u>	<u>-</u>	<u>12,788</u>
Change in Net Assets Before Foreign Currency Translation Adjustment	(55)	1,160	1,105
Foreign Currency Translation Adjustment	(17)	-	(17)
Change in Net Assets	(72)	1,160	1,088
Net Assets, Beginning of Period	<u>11,940</u>	<u>2,265</u>	<u>14,205</u>
Net Assets, End of Period	<u>\$ 11,868</u>	<u>\$ 3,425</u>	<u>\$ 15,293</u>

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

	Unrestricted	Temporarily Restricted	Total
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 Statements of Cash Flows
Years Ended September 30, 2018 and 2017
(in thousands)

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ 1,088	\$ (1,791)
Items not requiring (providing) operating activities cash flows		
Depreciation	216	235
Amortization	568	503
Loss on disposal of property and equipment	7	16
Change in value of interest rate swap agreement	-	(16)
Net realized and unrealized gain on investments	(203)	(391)
Change in value of annuities and trusts under split-interest agreements	16	(105)
Noncash donation	-	(483)
Changes in		
Accounts receivable	44	92
Royalties, pledges and other receivables	117	(56)
Contributions receivable	(456)	-
Inventory	9	49
Other assets and liabilities	(146)	(246)
Accounts payable, accrued expenses and royalty advances	(376)	220
Funds held for others	-	(523)
	<u>884</u>	<u>(2,496)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchases of investments	(3,179)	(2,327)
Proceeds from sale of investments	3,807	3,477
Purchases of property and equipment	(157)	(119)
	<u>471</u>	<u>1,031</u>
Net cash provided by investing activities		
Financing Activities		
Proceeds from issuance of debt	-	2,540
Principal payments on debt	(235)	(2,742)
Payments on annuities and trusts payable	(793)	(779)
Investment income on annuities and trusts	293	241
	<u>(735)</u>	<u>(740)</u>
Net cash used in financing activities		
Effect of Foreign Currency Exchange Rate Changes on Cash	5	15
Increase (Decrease) in Cash	625	(2,190)
Cash and Cash Equivalents, Beginning of Year	<u>3,713</u>	<u>5,903</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,338</u>	<u>\$ 3,713</u>
Supplementary Cash Flow Information		
Cash paid for interest	<u>\$ 78</u>	<u>\$ 95</u>

Biblica Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

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 DCR, Biblica Ethiopia, Biblica Ghana, Biblica Kenya, Biblica Malawi, 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 Services PLC

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

Mission: 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. 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. This is achieved in three ways: Translation, Scripture Access, and Bible Engagement. The Organization focuses on the major spoken languages of the world, publishing contemporary translations in print, digital, and audio formats. Partnering with like-minded ministries and local churches, the Organization seeks to ensure that all 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, 2018 and 2017

Bible Translation: The Organization translates the full Bible into major spoken languages (defined as one million-plus speakers) so the majority of the world's population can be exposed to the Good News. By focusing on major languages, the Organization can reach over 80 percent of the world's population.

Bible Publishing: The Organization publishes new Bible translations in print, digital, and audio formats to meet the needs of a wide variety of people and cultures. This includes full Bibles, New Testaments, Scripture portions, and Bible resources. These materials are also 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, 2018, 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 \$1,870,000.

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 \$620,000 at September 30, 2018.

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

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

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 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 of \$3,470,000 and \$3,414,000, net of accumulated amortization of \$2,196,000 and \$1,724,000 as of September 30, 2018 and 2017, 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, 2018 and 2017 was \$568,000 and \$503,000, respectively.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

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 \$2,068,000 and \$2,294,000 with cost of sales of \$1,403,000 and \$1,743,000 for the years ended September 30, 2018 and 2017, respectively.

Other Income

For the years ended September 30, 2018 and 2017, 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, 2018 and 2017

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:

	2018	2017
Royalties receivable	\$ 183,000	\$ 330,000
Other receivables	143,000	107,000
	\$ 326,000	\$ 437,000

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Note 3: Investments

Investments consist of the following:

	<u>2018</u>	<u>2017</u>
Current Investments		
Certificates of deposit	\$ 990,000	\$ 248,000
Money market funds	242,000	284,000
Equity funds		
Domestic large-cap and mid-cap	403,000	444,000
Mutual funds		
Emerging markets equity	303,000	138,000
Exchange-traded funds	1,130,000	1,193,000
Global equity	375,000	463,000
International equity	737,000	237,000
Small-cap growth/value	596,000	783,000
Real estate investment trust	429,000	331,000
Fixed income	288,000	292,000
Fixed income securities		
Corporate bonds and notes	20,000	107,000
	<u>5,513,000</u>	<u>4,520,000</u>
Noncurrent Investments		
Certificates of deposit	248,000	495,000
Large-cap and mid-cap equity mutual funds	101,000	70,000
Fixed income securities		
Government securities	362,000	446,000
Corporate bonds and notes	637,000	736,000
U.S. Treasury notes	-	139,000
Cash surrender value life insurance (held at cash surrender value)	50,000	48,000
Investment in LLC (held at lower of cost or fair value)	483,000	483,000
	<u>1,881,000</u>	<u>2,417,000</u>
	<u>\$ 7,394,000</u>	<u>\$ 6,937,000</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, 2018 and 2017

Total investment return for the years ended September 30, 2018 and 2017 is composed of the following:

	2018	2017
Interest and dividend income	\$ 131,000	\$ 123,000
Net realized gain on investments reported at fair value	83,000	92,000
Net unrealized gain on investments reported at fair value	120,000	299,000
	\$ 334,000	\$ 514,000

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, 2018, 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, 2018, 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, 2018 and 2017

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

	2018	2017
Assets		
Money market funds	\$ 342,000	\$ 242,000
Equity funds		
Domestic large-cap and mid-cap	871,000	826,000
Mutual funds		
Emerging market equity	461,000	48,000
Exchange-traded funds	2,250,000	3,214,000
Global equity	697,000	1,493,000
International equity	1,173,000	3,000
Large-cap growth/value	423,000	604,000
Small-cap growth/value	1,043,000	1,236,000
High yield bonds	235,000	172,000
Real estate investment trust	596,000	598,000
Fixed income	886,000	882,000
Fixed income securities		
Government securities	796,000	732,000
Corporate bonds and notes	1,445,000	1,361,000
U.S. Treasury notes	-	285,000
	<u>\$ 11,218,000</u>	<u>\$ 11,696,000</u>
Liabilities		
Present value of payment		
Gift annuities	\$ 1,592,000	\$ 1,683,000
Charitable remainder trusts	8,486,000	8,486,000
Charitable remainder annuity trusts	53,000	71,000
Revocable trusts	38,000	40,000
	<u>10,169,000</u>	<u>10,280,000</u>
Total liabilities	10,169,000	10,280,000
Less current portion of gift annuities	<u>(212,000)</u>	<u>(253,000)</u>
Noncurrent portion of annuity and trust liabilities	<u>\$ 9,957,000</u>	<u>\$ 10,027,000</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Change in value of annuities and trusts under split-interest agreements for the years ended September 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Change in value of annuities (unrestricted)		
Interest and dividends	\$ 66,000	\$ 62,000
Net realized gain	22,000	40,000
Net unrealized gain	67,000	147,000
Actuarial change	(17,000)	56,000
Annuitant payment	(213,000)	(251,000)
Liability portion of maturities	<u>91,000</u>	<u>54,000</u>
	<u>16,000</u>	<u>108,000</u>
Change in value of trusts (temporarily restricted)		
Interest and dividends	227,000	179,000
Net realized gain	106,000	139,000
Net unrealized gain	253,000	512,000
Actuarial change	(38,000)	(305,000)
Distributions to charitable organizations	(318,000)	(304,000)
Trustor payment	<u>(262,000)</u>	<u>(224,000)</u>
	<u>(32,000)</u>	<u>(3,000)</u>
	<u>\$ (16,000)</u>	<u>\$ 105,000</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, 2018 and 2017

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, 2018 and 2017:

	2018			
	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)	
Investments				
Certificates of deposit, held by brokerage firm	\$ 1,238,000	\$ -	\$ 1,238,000	\$ -
Money market funds, held by brokerage firm	242,000	242,000	-	-
Equity funds				
Domestic large-cap	403,000	403,000	-	-
Mutual funds				
Emerging markets equity	303,000	303,000	-	-
Exchange-traded funds	1,130,000	1,130,000	-	-
Large- and mid-cap equity	101,000	101,000	-	-
Global equity	375,000	375,000	-	-
International equity	737,000	737,000	-	-
Small-cap growth/value	596,000	596,000	-	-
Real estate investment trust	429,000	429,000	-	-
Fixed income	288,000	288,000	-	-
Fixed income securities				
Government securities	362,000	-	362,000	-
Corporate bonds and notes	657,000	-	657,000	-
Cash surrender value life insurance	50,000	N/A	N/A	N/A
Investment in LLC	483,000	N/A	N/A	N/A
	<u>\$ 7,394,000</u>	<u>\$ 4,604,000</u>	<u>\$ 2,257,000</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

	2018			
	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	\$ 342,000	\$ 342,000	\$ -	\$ -
Equity funds				
Domestic large-cap	871,000	871,000	-	-
Mutual funds				
Emerging market equity	461,000	461,000	-	-
Exchange-traded funds	2,250,000	2,250,000	-	-
Global equity	697,000	697,000	-	-
International equity	1,173,000	1,173,000	-	-
Large-cap growth/value	423,000	423,000	-	-
Small-cap growth/value	1,043,000	1,043,000	-	-
High yield bonds	235,000	235,000	-	-
Real estate investment trust	596,000	596,000	-	-
Fixed income	886,000	886,000	-	-
Fixed income securities				
Government securities	796,000	-	796,000	-
Corporate bonds and notes	1,445,000	-	1,445,000	-
	<u>\$ 11,218,000</u>	<u>\$ 8,977,000</u>	<u>\$ 2,241,000</u>	<u>\$ -</u>
Liabilities				
Charitable Remainder Trust Liability	<u>\$ (8,524,000)</u>	<u>\$ -</u>	<u>\$ (8,524,000)</u>	<u>\$ -</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

	2017			
	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)	
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, 2018 and 2017

	2017			
	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	\$ 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
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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, 2018 and 2017.

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.

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, 2018 and 2017

Note 6: Property and Equipment

Property and equipment consist of:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,215,000	\$ 1,211,000
Buildings and leasehold improvements	4,131,000	4,028,000
Furniture, fixtures and equipment	694,000	1,117,000
Computer equipment and software	569,000	600,000
Vehicles	<u>25,000</u>	<u>25,000</u>
	6,634,000	6,981,000
Less accumulated depreciation	<u>(3,778,000)</u>	<u>(4,059,000)</u>
	<u>\$ 2,856,000</u>	<u>\$ 2,922,000</u>

Depreciation expense was approximately \$216,000 and \$235,000 for the years ended September 30, 2018 and 2017, respectively. Approximately \$260,000 of property and equipment, net of accumulated depreciation, is located outside the United States.

Note 7: Long-term Debt

Long-term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Note payable, ECCU (A)	\$ 2,179,000	\$ 2,414,000
Other note payable	<u>3,000</u>	<u>8,000</u>
	2,182,000	2,422,000
Less unamortized debt issuance costs	(17,000)	(22,000)
Less current maturities	<u>(232,000)</u>	<u>(227,000)</u>
	<u>\$ 1,933,000</u>	<u>\$ 2,173,000</u>

(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.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Aggregate Maturities

Aggregate annual maturities of long-term debt at September 30, 2018 are as follows:

	Long-term Debt
2019	\$ 232,000
2020	237,000
2021	245,000
2022	253,000
2023	263,000
Thereafter	<u>952,000</u>
	<u>\$ 2,182,000</u>

Note 8: Net Assets

Board-designated Net Assets

The Board has designated net assets of \$5,522,000 and \$5,593,000 for contingencies as of September 30, 2018 and 2017, respectively.

Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2018 and 2017 are available for the following purposes or periods:

	2018	2017
Irrevocable trusts	\$ 531,000	\$ 533,000
Bible translation, publishing and engagement ministries	<u>2,894,000</u>	<u>1,732,000</u>
	<u>\$ 3,425,000</u>	<u>\$ 2,265,000</u>

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Note 9: Related-party Transactions

The following are related-party transactions and account balances included in various line items in the September 30, 2018 and 2017 statements of financial position and statements of activities:

	2018	2017
Revenues and Expenses		
Sales	\$ 90,000	\$ 90,000
Cost of sales	90,000	90,000
Grants expense	745,000	1,668,000
Assets and Liabilities		
Accounts receivable	14,000	30,000
Royalties, pledges and other receivables	63,000	52,000
Accounts payable	7,000	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.

Note 10: 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. These joint costs were allocated as follows:

	2018	2017
Program services	\$ 581,000	\$ 260,000
General and administrative	14,000	-
Fundraising	314,000	168,000
	<u>\$ 909,000</u>	<u>\$ 428,000</u>

The increase in joint costs from 2017 to 2018 is the result of the Organization's evaluation of certain communications to donors and funders.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Note 11: Operating Lease

The Organization leased out a portion of its office and warehouse space, located in Colorado Springs, Colorado, to a tenant. The lease commenced on November 1, 2016. The lease term stipulates monthly rents ranging from approximately \$10,000 to \$13,000 with a 2.5% escalation at each 12-month anniversary. The lease extends to May 2027 and contains two 5-year options to renew. Minimum future rentals collectible under the lease agreement at September 30, 2018 and 2017, were \$1,487,000 and \$1,639,000, respectively.

Note 12: Pension and Other Postretirement 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 \$35,000 and \$42,000 for the years ended September 30, 2018 and 2017, respectively.

Note 13: 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 \$49,000 and \$56,000 at September 30, 2018 and 2017, respectively. Actual inventory obsolescence may vary from the allowance accrued.

Contribution Concentration

During 2018, the Organization received donations of \$2,660,000 from two donors. These represent approximately 35% of total 2018 contributions.

During 2017, the Organization received donations of \$2,336,000 from two donors. These represent approximately 37% of total 2017 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 \$3,720,000 and \$4,278,000 for the years ended September 30, 2018 and 2017, respectively, which comprised approximately 80% of royalty income for the years then ended.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Note 14: Commitments and Contingencies

International Affiliates

The international controlled affiliates 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.

Note 15: Future Changes in Accounting Principles

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statements of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017 with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented. The Organization is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized.

Biblica Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2018 and 2017

Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019. The Organization is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Note 16: Subsequent Events

Subsequent events have been evaluated through January 29, 2019, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2018
(in thousands)

Assets

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Current Assets							
Cash and cash equivalents	\$ 3,076	\$ 102	\$ 642	\$ 472	\$ 46	\$ -	\$ 4,338
Accounts receivable, net	102	-	274	22	-	(12)	386
Royalties and other receivables	264	33	-	29	-	-	326
Contributions receivable	456	-	-	-	-	-	456
Inventory, net	22	-	26	79	9	-	136
Investments	990	4,523	-	-	-	-	5,513
Prepaid expenses and other assets	125	4	112	9	-	-	250
Total current assets	<u>5,035</u>	<u>4,662</u>	<u>1,054</u>	<u>611</u>	<u>55</u>	<u>(12)</u>	<u>11,405</u>
Property and Equipment at Cost, Net	<u>2,596</u>	<u>-</u>	<u>256</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>2,856</u>
Other Assets							
Investments	882	999	-	-	-	-	1,881
Assets held for gift annuity and trust agreements	-	11,218	-	-	-	-	11,218
Bible collection	-	800	-	-	-	-	800
Other assets	1,409	-	-	-	-	-	1,409
Total other assets	<u>2,291</u>	<u>13,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,308</u>
Total assets	<u>\$ 9,922</u>	<u>\$ 17,679</u>	<u>\$ 1,310</u>	<u>\$ 615</u>	<u>\$ 55</u>	<u>\$ (12)</u>	<u>\$ 29,569</u>

Biblica Inc. and Subsidiaries
Schedule of Financial Position – Consolidating Information
September 30, 2018 (continued)
(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	\$ 839	\$ 12	\$ 461	\$ 21	\$ -	\$ (12)	\$ 1,321
Current portion of gift annuity liability	-	212	-	-	-	-	212
Current maturities of long-term debt	232	-	-	-	-	-	232
Total current liabilities	<u>1,071</u>	<u>224</u>	<u>461</u>	<u>21</u>	<u>-</u>	<u>(12)</u>	<u>1,765</u>
Noncurrent Liabilities							
Royalty advances	520	-	-	-	-	-	520
Deferred compensation	101	-	-	-	-	-	101
Annuities and trusts payable	-	9,957	-	-	-	-	9,957
Long-term debt, net of current portion	1,933	-	-	-	-	-	1,933
Total noncurrent liabilities	<u>2,554</u>	<u>9,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,511</u>
Total liabilities	<u>3,625</u>	<u>10,181</u>	<u>461</u>	<u>21</u>	<u>-</u>	<u>(12)</u>	<u>14,276</u>
Net Assets							
Unrestricted							
Undesignated	3,726	1,445	693	503	43	-	6,410
Board-designated	-	5,522	-	-	-	-	5,522
Cumulative foreign currency translation adjustment	-	-	-	(73)	9	-	(64)
Unrestricted	<u>3,726</u>	<u>6,967</u>	<u>693</u>	<u>430</u>	<u>52</u>	<u>-</u>	<u>11,868</u>
Temporarily restricted	<u>2,571</u>	<u>531</u>	<u>156</u>	<u>164</u>	<u>3</u>	<u>-</u>	<u>3,425</u>
Total net assets	<u>6,297</u>	<u>7,498</u>	<u>849</u>	<u>594</u>	<u>55</u>	<u>-</u>	<u>15,293</u>
Total liabilities and net assets	<u>\$ 9,922</u>	<u>\$ 17,679</u>	<u>\$ 1,310</u>	<u>\$ 615</u>	<u>\$ 55</u>	<u>\$ (12)</u>	<u>\$ 29,569</u>

Biblica Inc. and Subsidiaries
Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information
Year Ended September 30, 2018
(in thousands)

	Biblica Inc.	Biblica Ministries Foundation	Biblica Africa	Biblica Europe Ministries Trust	Biblica Canada	Eliminations	Total
Revenues, Gains and Other Support							
Contributions - unrestricted	\$ 1,851	\$ -	\$ 50	\$ 118	\$ 1	\$ -	\$ 2,020
Contributions - temporarily restricted	5,613	-	-	48	1	-	5,662
Royalty income	4,734	-	-	-	-	-	4,734
Bible and biblical resource sales, net of cost of sales	386	-	56	221	2	-	665
Investment return	-	334	-	-	-	-	334
Change in value of annuities and trusts under split-interest agreements	-	(16)	-	-	-	-	(16)
Intercompany grants	815	193	731	479	73	(2,291)	-
Other income	380	-	109	4	1	-	494
Total revenues, gains and other support	13,779	511	946	870	78	(2,291)	13,893
Expenses							
Program services							
Bible translation	1,617	-	299	196	13	-	2,125
Bible publishing	2,204	-	77	278	-	-	2,559
Bible engagement	4,227	23	417	181	33	-	4,881
Grants to Biblica members	1,476	808	7	-	-	(2,291)	-
Total program services	9,524	831	800	655	46	(2,291)	9,565
Supporting services							
General and administrative	1,875	93	45	60	9	-	2,082
Fundraising	1,096	8	-	37	-	-	1,141
Total supporting services	2,971	101	45	97	9	-	3,223
Total expenses	12,495	932	845	752	55	(2,291)	12,788
Change in Net Assets Before Foreign Currency Translation Adjustment	1,284	(421)	101	118	23	-	1,105
Foreign Currency Translation Adjustment	-	-	-	(19)	2	-	(17)
Change in Net Assets	1,284	(421)	101	99	25	-	1,088
Net Assets, Beginning of Year	5,013	7,919	748	495	30	-	14,205
Net Assets, End of Year	\$ 6,297	\$ 7,498	\$ 849	\$ 594	\$ 55	\$ -	\$ 15,293

Biblica Inc. and Subsidiaries
Schedule of Functional Expenses
Year Ended September 30, 2018
(in thousands)

	Bible Translation	Bible Publishing	Bible Engagement	General and Administrative	Fundraising	Total Expenses
Salaries and benefits	\$ 561	\$ 1,293	\$ 1,758	\$ 1,280	\$ 388	\$ 5,280
Marketing and promotion	-	64	568	14	284	930
Ministry grants and grants of Scripture	541	59	1,288	-	-	1,888
Freight, shipping and postage	-	7	67	19	5	98
Depreciation and amortization	398	255	60	60	11	784
Professional services	275	466	443	283	288	1,755
Travel	213	171	453	97	135	1,069
Interest	4	11	15	45	3	78
Equipment and supplies	16	57	34	50	16	173
Utilities, phone and occupancy	73	108	111	165	17	474
Other expenses	44	68	84	69	(6)	259
	<u>\$ 2,125</u>	<u>\$ 2,559</u>	<u>\$ 4,881</u>	<u>\$ 2,082</u>	<u>\$ 1,141</u>	<u>\$ 12,788</u>
Total						

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

Assets

	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
Total current assets	<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
Total other assets	<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)

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	\$ 1,128	\$ 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>\$ 2,288</u>	<u>\$ 2,879</u>	<u>\$ 6,127</u>	<u>\$ 2,610</u>	<u>\$ 1,352</u>	<u>\$ 15,256</u>
Total						