



## **Biblica Inc. and Subsidiaries**

Independent Auditor's Report and  
Consolidated Financial Statements

September 30, 2015



**Transforming lives through God's Word**



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**Biblica Inc. and Subsidiaries**  
**September 30, 2015**

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## Independent Auditor's Report on 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 statement of financial position as of September 30, 2015, and the related consolidated statements of activities and cash flows for the year 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 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 audit. We conducted our audit 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 Subsidiary

***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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Supplementary Information***

Our audit of the 2015 consolidated financial statements was 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 2015 consolidated financial statements as a whole.

*BKD, LLP*

Colorado Springs, Colorado  
January 29, 2016

**Biblica Inc. and Subsidiaries**  
**Consolidated Statement of Financial Position**  
**September 30, 2015**  
(in thousands)

**Assets**

**Current Assets**

|                                   |            |
|-----------------------------------|------------|
| Cash                              | \$ 5,138   |
| Accounts receivables, net         | 698        |
| Royalties and other receivables   | 551        |
| Inventory, net                    | 501        |
| Investments                       | 5,228      |
| Prepaid expenses and other assets | <u>260</u> |

Total current assets 12,376

**Property and Equipment at Cost, Net  
of Accumulated Depreciation**

3,135

**Other Assets**

|   |              |
|---|--------------|
| Notes receivable                                  | 38           |
| Investments                                       | 2,952        |
| Assets held for gift annuity and trust agreements | 11,307       |
| Bible collection                                  | 800          |
| Other assets                                      | <u>1,767</u> |

Total other assets 16,864

Total assets \$ 32,375

**Biblica Inc. and Subsidiaries**  
**Consolidated Statement of Financial Position (continued)**  
**September 30, 2015**  
**(in thousands)**

**Liabilities and Net Assets**

**Current Liabilities**

|   |            |
|---|------------|
| Accounts payable and accrued liabilities  | \$ 1,189   |
| Funds held for others                     | 183        |
| Current portion of gift annuity liability | 274        |
| Current maturities of long-term debt      | <u>171</u> |

Total current liabilities 1,817

**Noncurrent Liabilities**

|  |              |
|--|--------------|
| Royalty advances                       | 1,189        |
| Deferred compensation                  | 136          |
| Annuities and trusts payable           | 9,566        |
| Interest rate swap agreement           | 44           |
| Long-term debt, net of current portion | <u>3,638</u> |

Total noncurrent liabilities 14,573

Total liabilities 16,390

**Net Assets**

|  |          |
|--|----------|
| Unrestricted                                       |          |
| Undesignated                                       | 6,374    |
| Board-designated                                   | 6,559    |
| Cumulative foreign currency translation adjustment | <u>7</u> |

Unrestricted 12,940

Temporarily restricted 3,045

Total net assets 15,985

Total liabilities and net assets \$ 32,375

**Biblica Inc. and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2015**  
(in thousands)

|  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Total</b>     |
|--|---------------------|-----------------------------------|------------------|
| <b>Revenues, Gains and Other Support</b>                                       |                     |                                   |                  |
| Contributions  | \$ 5,021            | \$ 4,968                          | \$ 9,989         |
| Royalty income   | 5,701               | -                                 | 5,701            |
| Bible and biblical resource sales,<br>net of cost of sales                     | 856                 | -                                 | 856              |
| Investment return  | (214)               | -                                 | (214)            |
| Change in value of annuities and trusts<br>under split-interest agreements     | (128)               | (66)                              | (194)            |
| Other income   | 312                 | -                                 | 312              |
| Net assets released from restrictions  | 4,568               | (4,568)                           | -                |
|  | <u>16,116</u>       | <u>334</u>                        | <u>16,450</u>    |
| <b>Total revenues, gains and other support</b>                                 |                     |                                   |                  |
|  | <u>16,116</u>       | <u>334</u>                        | <u>16,450</u>    |
| <b>Expenses</b>  |                     |                                   |                  |
| Program services   |                     |                                   |                  |
| Bible translation  | 2,394               | -                                 | 2,394            |
| Bible publishing   | 2,894               | -                                 | 2,894            |
| Bible engagement   | 5,110               | -                                 | 5,110            |
|  | <u>10,398</u>       | <u>-</u>                          | <u>10,398</u>    |
| <b>Total program services</b>  |                     |                                   |                  |
|  | <u>10,398</u>       | <u>-</u>                          | <u>10,398</u>    |
| Supporting services  |                     |                                   |                  |
| General and administrative   | 2,267               | -                                 | 2,267            |
| Fundraising  | 719                 | -                                 | 719              |
|  | <u>13,384</u>       | <u>-</u>                          | <u>13,384</u>    |
| <b>Total expenses</b>  |                     |                                   |                  |
|  | <u>13,384</u>       | <u>-</u>                          | <u>13,384</u>    |
| <b>Change in Net Assets Before Foreign<br/>Currency Translation Adjustment</b> | 2,732               | 334                               | 3,066            |
| <b>Foreign Currency Translation Adjustment</b>                                 | <u>(31)</u>         | <u>-</u>                          | <u>(31)</u>      |
| <b>Change in Net Assets</b>  | 2,701               | 334                               | 3,035            |
| <b>Net Assets, Beginning of Period</b>   | <u>10,239</u>       | <u>2,711</u>                      | <u>12,950</u>    |
| <b>Net Assets, End of Period</b>   | <u>\$ 12,940</u>    | <u>\$ 3,045</u>                   | <u>\$ 15,985</u> |

**Biblica Inc. and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**Year Ended September 30, 2015**  
**(in thousands)**

|  |                 |
|--|-----------------|
| <b>Operating Activities</b>  |                 |
| Change in net assets   | \$ 3,035        |
| Items not requiring (providing) operating activities cash flows            |                 |
| Depreciation   | 313             |
| Amortization   | 271             |
| Loss on disposal of property and equipment                                 | 125             |
| Change in value of interest rate swap agreement                            | 40              |
| Net realized and unrealized loss on investments                            | 436             |
| Change in value of annuities and trusts<br>under split-interest agreements | 194             |
| Changes in   |                 |
| Accounts receivable  | 854             |
| Royalties, pledges and other receivables                                   | 791             |
| Inventory  | 550             |
| Other assets and liabilities   | (526)           |
| Accounts payable, accrued expenses and royalty advances                    | (3,623)         |
| Funds held for others  | (260)           |
|  | <u>2,200</u>    |
| Net cash provided by operating activities                                  | <u>2,200</u>    |
| <b>Investing Activities</b>  |                 |
| Purchases of investments   | (7,029)         |
| Proceeds from sale of investments  | 4,851           |
| Purchases of property and equipment  | (170)           |
| Principal payments received on notes receivable                            | 50              |
|  | <u>(2,298)</u>  |
| Net cash used in investing activities                                      | <u>(2,298)</u>  |
| <b>Financing Activities</b>  |                 |
| Net proceeds from issuance of new annuities and trusts                     | 28              |
| Payments on annuities and trusts payable                                   | (996)           |
| Investment income on annuities and trusts                                  | 514             |
| Principal payments on debt   | (172)           |
|  | <u>(626)</u>    |
| Net cash used in financing activities                                      | <u>(626)</u>    |
| <b>Effect of Foreign Currency Exchange Rate Changes on Cash</b>            | 10              |
| <b>Decrease in Cash</b>  | (714)           |
| <b>Cash, Beginning of Year</b>   | <u>5,852</u>    |
| <b>Cash, End of Year</b>   | <u>\$ 5,138</u> |
| <b>Supplementary Cash Flow Information</b>                                 |                 |
| Cash paid for interest   | <u>\$ 177</u>   |



# **Biblica Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2015**

#### **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 and Biblica Thailand
- Latin America: Biblica Brazil and Biblica Ecuador
- Middle East: IBS MENA
- South Asia: IBS India

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

**Mission:** For more than 200 years, the Organization has been translating and distributing Bibles and supporting resources in languages and formats that connect people with God's Word, including the New International Version (NIV), the most widely used contemporary English Bible. The three pillars of ministry are: Bible translation, Bible access, and Bible engagement. The Organization translates and publishes the Bible in many of the top 100 major spoken languages and serves in 55 countries, reaching more than 100 million people with God's Word every year. The Organization also helps churches and individuals read the Bible well, through customized resources like *Community Bible Experience* and *Reach4Life*. Because the Organization believes that everyone deserves reliable, easy-to-read Scriptures in their language, the Organization makes translations available in print, digital, and audio formats – overcoming barriers of illiteracy and the cost of printed Bibles, and reaching 4 billion people around the world. The Organization's vision is to help ignite a worldwide revival of Bible reading in and through the church.

# **Biblica Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2015**

**Ministry Functions:** Ministries are conducted in furtherance of the exempt purposes of the Organization through the following programs:

- **Bible Translation:** The Organization translates the Bible and biblical resources into languages with 1 million-plus speakers. The Organization has translated the Bible into over 70 languages worldwide and is currently working on 29 translation projects.
- **Bible Publishing:** Based on our translation portfolio, the Organization publishes Bibles and biblical resources in print, audio and digital formats in order to broadly meet the needs of people in different cultures and situations. These resources include full Bibles, New Testaments, Scripture portions, study Bibles and other biblical resources. In addition to 10 completed audio Bibles, the Organization is currently working on over 15 additional audio Bible recordings. Finally, the Organization licenses its translations through carefully selected partners who broaden our publishing reach for maximum exposure and impact.
- **Bible Engagement:** The Organization offers programs and provides Bibles and biblical resources to individuals, churches, ministries and non-profit partners to reach people with God's Word in their heart language, and to help people engage more deeply in Scripture by learning to read and live the Bible well resulting in life transformation. These programs include ministry to children and youth, prison inmates, military personnel, along with programs to equip church leaders and engage people in the Bible through our Community Bible Experience program.

#### ***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.

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

***Cash***

At September 30, 2015, cash consisted of bank checking and money market accounts. The Organization's cash accounts exceeded federally insured limits by approximately \$3,899,000.

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 \$475,000 at September 30, 2015.

***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 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 are valued at 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.

***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

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

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 \$1,767,000 as of September 30, 2015 are included in noncurrent other assets on the statement of financial position and are amortized over their expected future lives of 60 months. Amortization expense for the year ended September 30, 2015 was \$271,000.

***Deferred Compensation***

The Organization has entered into various deferred compensation contracts with certain officers and key executives, which provides for benefit distributions beginning at retirement, termination, death or disability. The related assets and liabilities of the plan are recorded on the statement 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 statement 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 statement of activities as net sales of \$3,118,000 with cost of sales of \$2,262,000 for the year ended September 30, 2015.

**Other Income**

For the year ended September 30, 2015, other income primarily included rental income and the change in value of the interest rate swap agreement.

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

***Functional Allocation of Expenses***

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

***Income Taxes***

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

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2012.

***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.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Note 2: Royalties and Other Receivables**

Royalties and other receivables consist of:

|                      |                   |
|----------------------|-------------------|
| Royalties receivable | \$ 319,000        |
| Other receivables    | <u>232,000</u>    |
|                      | <u>\$ 551,000</u> |

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

**Note 3: Investments**

Investments consist of the following:

**Current Investments**

|                              |                  |
|------------------------------|------------------|
| Certificates of deposit      | \$ 365,000       |
| Money market funds           | 194,000          |
| Equity funds                 |                  |
| Domestic large-cap           | 334,000          |
| Mutual funds                 |                  |
| Emerging markets equity      | 97,000           |
| Global equity                | 351,000          |
| International equity         | 242,000          |
| Small-cap growth/value       | 1,114,000        |
| High yield bonds             | 146,000          |
| Real estate investment trust | 468,000          |
| Fixed income                 | 1,832,000        |
| Fixed income securities      |                  |
| Government securities        | 67,000           |
| Alternative investments      | 18,000           |
|                              | <u>5,228,000</u> |

**Noncurrent Investments**

|  |                            |
|--|----------------------------|
| Large- and mid-cap equity mutual funds                             | 136,000                    |
| Fixed income securities  |                            |
| Government securities  | 522,000                    |
| Corporate bonds and notes  | 846,000                    |
| U.S. Treasury notes  | 239,000                    |
| Asset-backed securities  | 21,000                     |
| Cash surrender value life insurance (held at cash surrender value) | 44,000                     |
| Real estate  | 1,089,000                  |
| Alternative investments  | 55,000                     |
|  | <u>2,952,000</u>           |
|  | <u><u>\$ 8,180,000</u></u> |

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

Total investment return for the year ended September 30, 2015 is composed of the following:

|   |                            |
|---|----------------------------|
| Interest and dividend income  | \$ 222,000                 |
| Net realized and unrealized loss on<br>investments reported at fair value | <u>(436,000)</u>           |
|   | <u><u>\$ (214,000)</u></u> |

**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, 2015, 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, 2015 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 statement 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 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, 2015**

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

**Assets**

|                              |                      |
|------------------------------|----------------------|
| Money market funds           | \$ 213,000           |
| Equity funds                 |                      |
| Domestic large-cap           | 876,000              |
| Mutual funds                 |                      |
| Emerging market equity       | 40,000               |
| Global equity                | 1,175,000            |
| International equity         | 132,000              |
| Large-cap growth/value       | 584,000              |
| Small-cap growth/value       | 1,093,000            |
| High yield bonds             | 749,000              |
| Real estate investment trust | 571,000              |
| Fixed income                 | 3,459,000            |
| Fixed income securities      |                      |
| Government securities        | 691,000              |
| Corporate bonds and notes    | 1,382,000            |
| U.S. Treasury notes          | 272,000              |
| Asset-backed securities      | 42,000               |
| Alternative investments      | 28,000               |
|                              | <u>\$ 11,307,000</u> |

**Liabilities**

|  |                     |
|--|---------------------|
| Present value of payment                               |                     |
| Gift annuities   | \$ 1,907,000        |
| Charitable remainder trusts                            | 7,793,000           |
| Charitable remainder annuity trusts                    | 101,000             |
| Revocable trusts                                       | 39,000              |
|  | <u>9,840,000</u>    |
| Total liabilities                                      | 9,840,000           |
| Less current portion of gift annuities                 | <u>(274,000)</u>    |
|  | <u>\$ 9,566,000</u> |
| Noncurrent portion of annuity<br>and trust liabilities | <u>\$ 9,566,000</u> |



**Biblica Inc. and Subsidiaries**  
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**September 30, 2015**

Change in value of annuities and trusts under split-interest agreements for the year ended September 30, 2015 consisted of the following:

|  |                     |
|--|---------------------|
| Change in value of annuities (unrestricted)        |                     |
| Interest and dividends                             | \$ 120,000          |
| Net realized and unrealized loss                   | (110,000)           |
| Actuarial change                                   | 32,000              |
| Annuitant payment                                  | (286,000)           |
| Liability portion of maturities                    | <u>116,000</u>      |
|  | <u>(128,000)</u>    |
| Change in value of trusts (temporarily restricted) |                     |
| Interest and dividends                             | 394,000             |
| Net realized and unrealized loss                   | (465,000)           |
| Actuarial change                                   | 715,000             |
| Distributions to charitable organizations          | (432,000)           |
| Trustor payment                                    | <u>(278,000)</u>    |
|  | <u>(66,000)</u>     |
|  | <u>\$ (194,000)</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, 2015**

**Recurring Measurements**

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement 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, 2015:

|  | Fair Value          | Fair Value Measurements Using   |   |  |
|--|---------------------|---|---|--|
|  |                     | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Investments</b>                                 |                     |   |   |  |
| Certificates of deposit,<br>held by brokerage firm | \$ 365,000          | \$ -  | \$ 365,000  | \$ -   |
| Money market funds, held<br>by brokerage firm      | 194,000             | 194,000   | -   | -  |
| Equity funds                                       |                     |   |   |  |
| Domestic large-cap                                 | 334,000             | 334,000   | -   | -  |
| Mutual funds                                       |                     |   |   |  |
| Emerging markets equity                            | 97,000              | 97,000  | -   | -  |
| Large- and mid-cap equity                          | 136,000             | 136,000   | -   | -  |
| Global equity                                      | 351,000             | 351,000   | -   | -  |
| International equity                               | 242,000             | 242,000   | -   | -  |
| Small-cap growth/value                             | 1,114,000           | 1,114,000   | -   | -  |
| High yield bonds                                   | 146,000             | 146,000   | -   | -  |
| Real estate investment trust                       | 468,000             | 468,000   | -   | -  |
| Fixed income                                       | 1,832,000           | 1,832,000   | -   | -  |
| Fixed income securities                            |                     |   |   |  |
| Government securities                              | 589,000             | -   | 589,000   | -  |
| Corporate bonds and notes                          | 846,000             | -   | 846,000   | -  |
| U.S. Treasury notes                                | 239,000             | -   | 239,000   | -  |
| Asset-backed securities                            | 21,000              | -   | 21,000  | -  |
| Alternative investments                            | 73,000 *            | N/A   | N/A   | N/A  |
| Cash surrender value life insurance                | 44,000              | N/A   | N/A   | N/A  |
| Real estate  | 1,089,000           | -   | 1,089,000   | -  |
|  | <u>\$ 8,180,000</u> | <u>\$ 4,914,000</u>   | <u>\$ 3,149,000</u>                                       | <u>\$ -</u>  |

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

|  | <b>Fair Value Measurements Using</b> |   |  |  |
|--|--------------------------------------|---|--|--|
|  | <b>Fair Value</b>                    | <b>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
| <b>Assets Held for Gift Annuity<br/>and Trust Agreements</b> |                                      |   |  |  |
| Money market funds, held<br>by brokerage firm                | \$ 213,000                           | \$ 213,000  | \$ -   | \$ -   |
| Equity funds   |                                      |   |  |  |
| Domestic large-cap   | 876,000                              | 876,000   | -  | -  |
| Mutual funds   |                                      |   |  |  |
| Emerging market equity                                       | 40,000                               | 40,000  | -  | -  |
| Global equity  | 1,175,000                            | 1,175,000   | -  | -  |
| International equity   | 132,000                              | 132,000   | -  | -  |
| Large-cap growth/value                                       | 584,000                              | 584,000   | -  | -  |
| Small-cap growth/value                                       | 1,093,000                            | 1,093,000   | -  | -  |
| High yield bonds   | 749,000                              | 749,000   | -  | -  |
| Real estate investment trust                                 | 571,000                              | 571,000   | -  | -  |
| Fixed income   | 3,459,000                            | 3,459,000   | -  | -  |
| Fixed income securities                                      |                                      |   |  |  |
| Government securities  | 691,000                              | -   | 691,000  | -  |
| Corporate bonds and notes                                    | 1,382,000                            | -   | 1,382,000  | -  |
| U.S. Treasury notes  | 272,000                              | -   | 272,000  | -  |
| Asset-backed securities                                      | 42,000                               | -   | 42,000   | -  |
| Alternative investments                                      | 28,000 *                             | N/A   | N/A  | N/A  |
|  | <u>\$ 11,307,000</u>                 | <u>\$ 8,892,000</u>   | <u>\$ 2,387,000</u>  | <u>\$ -</u>  |
| <b>Liabilities</b>   |                                      |   |  |  |
| Interest rate swap agreement                                 | <u>\$ (44,000)</u>                   | <u>\$ -</u>   | <u>\$ (44,000)</u>   | <u>\$ -</u>  |
| Charitable Remainder Trust<br>Liability                      | <u>\$ (7,832,000)</u>                | <u>\$ -</u>   | <u>\$ (7,832,000)</u>  | <u>\$ -</u>  |

\*In accordance with Accounting Standards Update (ASU) 2015-07, 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.

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 statement 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 year ended September 30, 2015.

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

***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.

***Alternative Investments***

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments consist primarily of investments in equity long/short hedge funds and investments in fund of funds at September 30, 2015. These investments are in a lock-up period as the funds “wind down” and are expected to be liquidated and paid out over the next two to three years. To date, the Organization has received approximately 90% of their initial balances.

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

***Real Estate***

The Organization’s real estate investment consists of vacant land in Colorado Springs, Colorado. The fair value of this investment is based on a signed purchase and sale agreement, dated February 12, 2015, with an unrelated party. The value of this land at September 30, 2015 is based on the estimated sales price and, therefore, is classified within Level 2 of the valuation hierarchy.

***Interest Rate Swap Agreement***

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

***Charitable Remainder Trust Liability***

The fair value of the Organization’s charitable remainder trust liability is estimated using inputs that are consistent with those used for assets held for gift annuity and trust agreements as these liabilities are directly related to their respective assets. 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, 2015**

**Note 6: Property and Equipment**

Property and equipment consist of:

|                                      |                            |
|--------------------------------------|----------------------------|
| Land                                 | \$ 1,211,000               |
| Buildings and leasehold improvements | 3,961,000                  |
| Furniture, fixtures and equipment    | 1,255,000                  |
| Computer equipment and software      | 1,498,000                  |
| Vehicles                             | <u>25,000</u>              |
|                                      | 7,950,000                  |
| Less accumulated depreciation        | <u>(4,815,000)</u>         |
|                                      | <u><u>\$ 3,135,000</u></u> |

Depreciation expense was approximately \$313,000 for the year ended September 30, 2015. Approximately \$275,000 of property and equipment, net of accumulated depreciation, is located outside the United States.

**Note 7: Long-term Debt**

|                                     |                            |
|-------------------------------------|----------------------------|
| Note payable, BBVA Compass Bank (A) | \$ 3,809,000               |
| Less current maturities             | <u>(171,000)</u>           |
|                                     | <u><u>\$ 3,638,000</u></u> |

Long-term debt consists of the following:

- (A) 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, 2015), plus 3.00%. However, the note imposes a floor interest rate of 3.50%. As discussed in Note 8, the Organization swapped the above variable rate with a fixed rate of 4.19%; secured by deed of trust on the Organization's real estate and building located in Colorado.

In connection with this note payable, the Organization is required, among other things, to maintain certain financial covenants.

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

***Aggregate Maturities***

Aggregate annual maturities of long-term debt at September 30, 2015 are as follows:

|      | <b>Long-term<br/>Debt</b> |
|------|---------------------------|
| 2016 | \$ 171,000                |
| 2017 | 171,000                   |
| 2018 | 3,467,000                 |
|      | <b>\$ 3,809,000</b>       |

***Line-of-Credit***

The Organization had a revolving line-of-credit agreement with a maximum borrowing limit of \$2,000,000, which matured July 2015. The line bore interest, payable monthly at the one-month LIBOR rate (0.20% at September 30, 2015), plus 2.00%. However, the facility imposes a floor interest rate of 2.50%. The line was not utilized during 2015 and was not renewed after July 2015.

**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 provides 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 of \$3,809,000 at September 30, 2015. Under the agreement, the Organization pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

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

|  |                          |
|--|--------------------------|
| Fair value of interest rate swap agreement                       | \$ (44,000)              |
| Statement of financial position location<br>of fair value amount | Long-term<br>liabilities |
| Loss recognized in change in net assets                          | (40,000)                 |
| Location of gain (loss) recognized<br>in change in net assets    | Other income             |

**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

**Note 9: Net Assets**

***Board-designated Net Assets***

The Board has designated net assets of \$6,559,000 for contingencies as of September 30, 2015.

***Temporarily Restricted Net Assets***

Temporarily restricted net assets at September 30, 2015 are available for the following purposes or periods:

|   |                     |
|---|---------------------|
| Irrevocable trusts                                      | \$ 590,000          |
| Bible translation, publishing and engagement ministries | <u>2,455,000</u>    |
|   | <u>\$ 3,045,000</u> |

**Note 10: Related-party Transactions**

The following are related-party transactions and account balances included in various line items in the September 30, 2015 statement of financial position and statement of activities:

|   | <b><u>Noncontrolled<br/>Affiliates</u></b> |
|---|--|
| <b>Revenues and Expenses</b>                |  |
| Sales                                       | \$ 388,000                                 |
| Cost of sales                               | 364,000                                    |
| Other income                                | 68,000                                     |
| Grants expense                              | 1,922,000                                  |
| <b>Assets and Liabilities</b>               |  |
| Accounts receivable                         | 532,000                                    |
| Royalties, pledges and<br>other receivables | 147,000                                    |
| Accounts payable                            | 13,000                                     |

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, 2015**

**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 statement of activities. Certain costs, such as salaries, have been allocated among the programs and supporting activities benefited. The Organization incurred joint costs of \$53,000 for the year ended September 30, 2015. These joint costs were allocated as follows:

|                  |                  |
|------------------|------------------|
| Program services | \$ 28,000        |
| Fundraising      | <u>25,000</u>    |
|                  | <u>\$ 53,000</u> |

**Note 12: Lessor Operating Lease**

The Organization leases out a portion of its office and warehouse space, located in Colorado Springs, Colorado, to one tenant. The lease term stipulates monthly rent of approximately \$11,000 with a 3% escalation at each 12-month anniversary. The lease extends to September 2016.

**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 \$53,000 for the year ended September 30, 2015.

**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 \$151,000 at September 30, 2015. Actual inventory obsolescence may vary from the allowance accrued.

***Contribution Concentration***

During 2015, the Organization received a donation of \$2,800,000 from a decedent's estate. This represents approximately 30% of total contributions.



**Biblica Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015**

***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 \$4,294,000 for the year ended September 30, 2015, which comprised approximately 75% of royalty income.

## **Supplementary Information**

**Biblica Inc. and Subsidiaries**  
**Schedule of Financial Position – Consolidating Information**  
**September 30, 2015**  
**(in thousands)**

|   | <b>Biblica Inc.</b> | <b>Biblica<br/>Ministries<br/>Foundation</b> | <b>Biblica<br/>Africa</b> | <b>Biblica<br/>Europe<br/>Ministries<br/>Trust</b> | <b>Biblica<br/>Canada</b> | <b>Eliminations</b> | <b>Total</b>     |
|---|---------------------|--|---------------------------|--|---------------------------|---------------------|------------------|
| <b>Current Assets</b>                             |                     |  |                           |  |                           |                     |                  |
| Cash  | \$ 4,403            | \$ 121                                       | \$ 257                    | \$ 336   | \$ 21                     | \$ -                | \$ 5,138         |
| Accounts receivables, net                         | 241                 | -  | 450                       | 23   | -                         | (16)                | 698              |
| Royalties, pledges and other receivables          | 483                 | 30   | 58                        | 22   | -                         | (42)                | 551              |
| Inventory, net                                    | 369                 | -  | -                         | 132  | -                         | -                   | 501              |
| Investments                                       | 365                 | 4,863  | -                         | -  | -                         | -                   | 5,228            |
| Prepaid expenses and other assets                 | 247                 | 9  | -                         | 4  | -                         | -                   | 260              |
|   | <u>6,108</u>        | <u>5,023</u>                                 | <u>765</u>                | <u>517</u>   | <u>21</u>                 | <u>(58)</u>         | <u>12,376</u>    |
| <b>Property and Equipment at Cost, Net</b>        | <u>2,860</u>        | <u>-</u>                                     | <u>270</u>                | <u>5</u>   | <u>-</u>                  | <u>-</u>            | <u>3,135</u>     |
| <b>Other Assets</b>                               |                     |  |                           |  |                           |                     |                  |
| Notes receivable                                  | 38                  | -  | -                         | -  | -                         | -                   | 38               |
| Investments                                       | 1,269               | 1,683  | -                         | -  | -                         | -                   | 2,952            |
| Assets held for gift annuity and trust agreements | -                   | 11,307                                       | -                         | -  | -                         | -                   | 11,307           |
| Bible collection                                  | -                   | 800  | -                         | -  | -                         | -                   | 800              |
| Other assets                                      | 1,767               | -  | -                         | -  | -                         | -                   | 1,767            |
|   | <u>3,074</u>        | <u>13,790</u>                                | <u>-</u>                  | <u>-</u>   | <u>-</u>                  | <u>-</u>            | <u>16,864</u>    |
| <b>Total assets</b>                               | <u>\$ 12,042</u>    | <u>\$ 18,813</u>                             | <u>\$ 1,035</u>           | <u>\$ 522</u>                                      | <u>\$ 21</u>              | <u>\$ (58)</u>      | <u>\$ 32,375</u> |

**Biblica Inc. and Subsidiaries**  
**Schedule of Financial Position – Consolidating Information**  
**September 30, 2015 (continued)**  
**(in thousands)**

|  | <b>Biblica Inc.</b> | <b>Biblica<br/>Ministries<br/>Foundation</b> | <b>Biblica<br/>Africa</b> | <b>Biblica<br/>Europe<br/>Ministries<br/>Trust</b> | <b>Biblica<br/>Canada</b> | <b>Eliminations</b> | <b>Total</b>     |
|--|---------------------|--|---------------------------|--|---------------------------|---------------------|------------------|
| <b>Current Liabilities</b>                         |                     |  |                           |  |                           |                     |                  |
| Accounts payable and accrued liabilities           | \$ 892              | \$ 10  | \$ 289                    | \$ 56  | \$ -                      | \$ (58)             | \$ 1,189         |
| Funds held for others                              | 183                 | -  | -                         | -  | -                         | -                   | 183              |
| Current portion of gift annuity liability          | -                   | 274  | -                         | -  | -                         | -                   | 274              |
| Current portion of long-term debt                  | 171                 | -  | -                         | -  | -                         | -                   | 171              |
|  | <u>1,246</u>        | <u>284</u>                                   | <u>289</u>                | <u>56</u>  | <u>-</u>                  | <u>(58)</u>         | <u>1,817</u>     |
| <b>Noncurrent Liabilities</b>                      |                     |  |                           |  |                           |                     |                  |
| Royalty advances                                   | 1,189               | -  | -                         | -  | -                         | -                   | 1,189            |
| Deferred compensation                              | 136                 | -  | -                         | -  | -                         | -                   | 136              |
| Annuities and trusts payable                       | -                   | 9,566  | -                         | -  | -                         | -                   | 9,566            |
| Interest rate swap agreement                       | 44                  | -  | -                         | -  | -                         | -                   | 44               |
| Long-term debt, net of current portion             | 3,638               | -  | -                         | -  | -                         | -                   | 3,638            |
|  | <u>5,007</u>        | <u>9,566</u>                                 | <u>-</u>                  | <u>-</u>   | <u>-</u>                  | <u>-</u>            | <u>14,573</u>    |
| Total liabilities                                  | <u>6,253</u>        | <u>9,850</u>                                 | <u>289</u>                | <u>56</u>  | <u>-</u>                  | <u>(58)</u>         | <u>16,390</u>    |
| <b>Net Assets</b>                                  |                     |  |                           |  |                           |                     |                  |
| Unrestricted                                       |                     |  |                           |  |                           |                     |                  |
| Undesignated                                       | 3,736               | 1,814  | 535                       | 275  | 14                        | -                   | 6,374            |
| Board-designated                                   | -                   | 6,559  | -                         | -  | -                         | -                   | 6,559            |
| Cumulative foreign currency translation adjustment | -                   | -  | -                         | 2  | 5                         | -                   | 7                |
|  | <u>3,736</u>        | <u>8,373</u>                                 | <u>535</u>                | <u>277</u>   | <u>19</u>                 | <u>-</u>            | <u>12,940</u>    |
| Temporarily restricted                             | 2,053               | 590  | 211                       | 189  | 2                         | -                   | 3,045            |
|  | <u>5,789</u>        | <u>8,963</u>                                 | <u>746</u>                | <u>466</u>   | <u>21</u>                 | <u>-</u>            | <u>15,985</u>    |
| Total net assets                                   | <u>5,789</u>        | <u>8,963</u>                                 | <u>746</u>                | <u>466</u>   | <u>21</u>                 | <u>-</u>            | <u>15,985</u>    |
| Total liabilities and net assets                   | <u>\$ 12,042</u>    | <u>\$ 18,813</u>                             | <u>\$ 1,035</u>           | <u>\$ 522</u>                                      | <u>\$ 21</u>              | <u>\$ (58)</u>      | <u>\$ 32,375</u> |

**Biblica Inc. and Subsidiaries**  
**Schedule of Revenues, Expenses and Changes in Net Assets – Consolidating Information**  
**Year Ended September 30, 2015**  
**(in thousands)**

|  | <b>Biblica Inc.</b> | <b>Biblica<br/>Ministries<br/>Foundation</b> | <b>Biblica<br/>Africa</b> | <b>Biblica<br/>Europe<br/>Ministries<br/>Trust</b> | <b>Biblica<br/>Canada</b> | <b>Eliminations</b> | <b>Total</b>     |
|--|---------------------|--|---------------------------|--|---------------------------|---------------------|------------------|
| <b>Revenues, Gains and Other Support</b>                                       |                     |  |                           |  |                           |                     |                  |
| Contributions - unrestricted   | \$ 4,817            | \$ 56  | \$ -                      | \$ 136   | \$ 12                     | \$ -                | \$ 5,021         |
| Contributions - temporarily restricted   | 4,852               | -  | -                         | 116  | -                         | -                   | 4,968            |
| Royalty income   | 5,701               | -  | -                         | -  | -                         | -                   | 5,701            |
| Bible and biblical resource sales,<br>net of cost of sales                     | 626                 | -  | 66                        | 164  | -                         | -                   | 856              |
| Investment return  | (56)                | (159)  | 1                         | -  | -                         | -                   | (214)            |
| Change in value of annuities and trusts<br>under split-interest agreements     | -                   | (194)  | -                         | -  | -                         | -                   | (194)            |
| Intercompany grants  | 658                 | 3,347  | 652                       | 876  | 9                         | (5,542)             | -                |
| Other income   | 185                 | -  | 108                       | 19   | -                         | -                   | 312              |
| Total revenues, gains and other support  | <u>16,783</u>       | <u>3,050</u>                                 | <u>827</u>                | <u>1,311</u>                                       | <u>21</u>                 | <u>(5,542)</u>      | <u>16,450</u>    |
| <b>Expenses</b>  |                     |  |                           |  |                           |                     |                  |
| Program services   |                     |  |                           |  |                           |                     |                  |
| Bible translation  | 1,775               | -  | 357                       | 490  | -                         | (228)               | 2,394            |
| Bible publishing   | 2,660               | -  | 82                        | 200  | -                         | (48)                | 2,894            |
| Bible engagement   | 4,771               | 28   | 130                       | 177  | 4                         | -                   | 5,110            |
| Grants to Biblica members  | 4,467               | 558  | 86                        | 155  | -                         | (5,266)             | -                |
| Total program services   | <u>13,673</u>       | <u>586</u>                                   | <u>655</u>                | <u>1,022</u>                                       | <u>4</u>                  | <u>(5,542)</u>      | <u>10,398</u>    |
| Supporting services  |                     |  |                           |  |                           |                     |                  |
| General and administrative   | 2,027               | 89   | 77                        | 62   | 12                        | -                   | 2,267            |
| Fundraising  | 659                 | 7  | -                         | 50   | 3                         | -                   | 719              |
| Total expenses   | <u>16,359</u>       | <u>682</u>                                   | <u>732</u>                | <u>1,134</u>                                       | <u>19</u>                 | <u>(5,542)</u>      | <u>13,384</u>    |
| <b>Change in Net Assets Before Foreign<br/>Currency Translation Adjustment</b> | 424                 | 2,368  | 95                        | 177  | 2                         | -                   | 3,066            |
| <b>Foreign Currency Translation Adjustment</b>                                 | -                   | -  | -                         | (27)   | (4)                       | -                   | (31)             |
| <b>Change in Net Assets</b>  | 424                 | 2,368  | 95                        | 150  | (2)                       | -                   | 3,035            |
| <b>Net Assets, Beginning of Year</b>   | <u>5,365</u>        | <u>6,595</u>                                 | <u>651</u>                | <u>316</u>   | <u>23</u>                 | <u>-</u>            | <u>12,950</u>    |
| <b>Net Assets, End of Year</b>   | <u>\$ 5,789</u>     | <u>\$ 8,963</u>                              | <u>\$ 746</u>             | <u>\$ 466</u>                                      | <u>\$ 21</u>              | <u>\$ -</u>         | <u>\$ 15,985</u> |

**Biblica Inc. and Subsidiaries**  
**Schedule of Functional Expenses**  
**Year Ended September 30, 2015**  
**(in thousands)**

|  | <b>Bible<br/>Translation</b> | <b>Bible<br/>Publishing</b> | <b>Bible<br/>Engagement</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b> | <b>Total<br/>Expenses</b> |
|--|------------------------------|-----------------------------|-----------------------------|---------------------------------------|--------------------|---------------------------|
| Salaries and benefits                      | \$ 808                       | \$ 1,376                    | \$ 2,153                    | \$ 1,363                              | \$ 219             | \$ 5,919                  |
| Marketing and promotion                    | -                            | 180                         | 177                         | 4                                     | 181                | 542                       |
| Ministry grants and grants<br>of Scripture | 823                          | 34                          | 1,686                       | -                                     | -                  | 2,543                     |
| Freight, shipping and postage              | 1                            | 219                         | 88                          | 18                                    | 2                  | 328                       |
| Depreciation and amortization              | 226                          | 224                         | 47                          | 80                                    | 7                  | 584                       |
| Professional services                      | 145                          | 423                         | 201                         | 256                                   | 251                | 1,276                     |
| Travel                                     | 216                          | 75                          | 485                         | 78                                    | 39                 | 893                       |
| Interest                                   | 12                           | 45                          | 20                          | 96                                    | 3                  | 176                       |
| Equipment and supplies                     | 7                            | 28                          | 36                          | 49                                    | 6                  | 126                       |
| Utilities, phone and occupancy             | 59                           | 207                         | 167                         | 175                                   | 13                 | 621                       |
| Other expenses                             | 97                           | 83                          | 50                          | 148                                   | (2)                | 376                       |
|  | <u>\$ 2,394</u>              | <u>\$ 2,894</u>             | <u>\$ 5,110</u>             | <u>\$ 2,267</u>                       | <u>\$ 719</u>      | <u>\$ 13,384</u>          |
| Total                                      | <u>\$ 2,394</u>              | <u>\$ 2,894</u>             | <u>\$ 5,110</u>             | <u>\$ 2,267</u>                       | <u>\$ 719</u>      | <u>\$ 13,384</u>          |