

Financial Statements and Report of  
Independent Certified Public  
Accountants

**American Bible Society**

June 30, 2020 and 2019

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
**American Bible Society**

**Report on the financial statements**

We have audited the accompanying financial statements of American Bible Society (the "Society"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Bible Society as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Schedule of Financial Position as of June 30, 2020 and the Consolidating Schedule of Activities for the year ended June 30, 2020 included on pages 31-32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



New York, New York  
February 2, 2021



American Bible Society

STATEMENTS OF ACTIVITIES

For the years ended June 30,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities</b>						
Operating revenues and support:						
Contributions	\$ 22,957,198	\$ 26,980,523	\$ 49,937,721	\$ 23,068,137	\$ 28,868,227	\$ 51,936,364
Legacies	8,645,327	-	8,645,327	7,544,509	-	7,544,509
Scripture sales (Note C)	3,745,125	-	3,745,125	3,359,566	-	3,359,566
Other	2,130,677	-	2,130,677	2,749,432	-	2,749,432
Net assets released from restrictions (Note H)	25,668,277	(25,668,277)	-	30,382,747	(30,382,747)	-
Total operating revenues and support	63,146,604	1,312,246	64,458,850	67,104,391	(1,514,520)	65,589,871
Operating expenses (Note K)						
Program services						
Scripture engagement and distribution:						
National ministries	35,688,537	-	35,688,537	33,399,152	-	33,399,152
International ministries	43,165,504	-	43,165,504	56,750,330	-	56,750,330
Total program services	78,854,041	-	78,854,041	90,149,482	-	90,149,482
Supporting services						
Administration	6,617,540	-	6,617,540	5,831,875	-	5,831,875
Development	14,728,583	-	14,728,583	17,328,575	-	17,328,575
Total supporting services	21,346,123	-	21,346,123	23,160,450	-	23,160,450
Total operating expenses	100,200,164	-	100,200,164	113,309,932	-	113,309,932
Changes in net assets from operating activities, before investment return appropriated for operations	(37,053,560)	1,312,246	(35,741,314)	(46,205,541)	(1,514,520)	(47,720,061)
Investment return appropriated for operations (Note D)	41,515,180	-	41,515,180	35,218,782	-	35,218,782
Changes in net assets from operating activities	4,461,620	1,312,246	5,773,866	(10,986,759)	(1,514,520)	(12,501,279)
<b>Nonoperating Activities</b>						
Investment return appropriated for capital activities and other (Note D)	17,025,367	-	17,025,367	4,902,729	-	4,902,729
Investment (losses) gains, net of amounts appropriated for operations and capital activities and other (Note D)	(58,727,057)	98,052	(58,629,005)	(13,405,496)	2,520,835	(10,884,661)
Depreciation in fair value of third-party trusts (Notes D and F)	-	(123,804)	(123,804)	-	(404,060)	(404,060)
Change in value of split-interest agreements	(597,696)	451,655	(146,041)	(1,421,882)	1,147,663	(274,219)
Pension related activity other than net periodic pension expense	(4,938,298)	-	(4,938,298)	(550,110)	-	(550,110)
Changes in net assets from nonoperating activities	(47,237,684)	425,903	(46,811,781)	(10,474,759)	3,264,438	(7,210,321)
Changes in net assets	(42,776,064)	1,738,149	(41,037,915)	(21,461,518)	1,749,918	(19,711,600)
Net assets, beginning of year	557,276,937	109,839,124	667,116,061	578,738,455	108,089,206	686,827,661
Net assets, end of year	\$ 514,500,873	\$ 111,577,273	\$ 626,078,146	\$ 557,276,937	\$ 109,839,124	\$ 667,116,061

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

American Bible Society

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

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

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

American Bible Society

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Program Services			Supporting Services			Total
	National Ministries	International Ministries	Total	Administration	Development	Total	
Bible ministry grants	\$ 3,958,527	\$ 33,753,949	\$ 37,712,476	\$ 5,667	\$ 183,183	\$ 188,850	\$ 37,901,326
Scripture-based conventions and meetings	156,893	191,232	348,125	23,500	61,112	84,612	432,737
Cost of Scripture and related materials sold	1,670,155	1,540	1,671,695	-	-	-	1,671,695
Printing, publications and promotions	2,487,631	2,621,230	5,108,861	7,621	4,120,778	4,128,399	9,237,260
Salaries and wages	6,930,481	8,073,245	15,003,726	2,656,676	4,706,774	7,363,450	22,367,176
Employee benefits	2,333,694	2,713,549	5,047,243	895,273	1,578,410	2,473,683	7,520,926
Relocation costs	4,370	2,717	7,087	-	-	-	7,087
Pension expense	530,479	627,316	1,157,795	207,329	368,003	575,332	1,733,127
Postretirement benefits	955,065	429,509	1,384,574	102,106	130,460	232,566	1,617,140
Professional fees	5,826,144	3,915,591	9,741,735	358,485	1,805,551	2,164,036	11,905,771
Postage and mailing	938,356	989,738	1,928,094	5,670	2,302,271	2,307,941	4,236,035
Depreciation and amortization	701,067	141,507	842,574	157,447	149,330	306,777	1,149,351
Travel and related costs	538,722	1,329,289	1,868,011	139,735	410,905	550,640	2,418,651
Data processing	1,206,095	418,127	1,624,222	236,452	618,425	854,877	2,479,099
Occupancy	3,558,325	468,753	4,027,078	453,883	321,644	775,527	4,802,605
Equipment, repairs and rentals	662,290	371,213	1,033,503	231,514	132,872	364,386	1,397,889
Telephone	82,274	108,036	190,310	35,383	49,141	84,524	274,834
Office supplies	222,390	62,214	284,604	9,302	54,803	64,105	348,709
Storage costs	147,600	6,635	154,235	9,884	3,749	13,633	167,868
Insurance	94,727	122,566	217,293	116,069	106,317	222,386	439,679
Memberships and subscriptions	74,897	59,743	134,640	14,125	56,417	70,542	205,182
Legal, tax and audit fees	215,775	104,462	320,237	88,071	35,822	123,893	444,130
Banking and compliance	60,554	69,231	129,785	48,481	103,364	151,845	281,630
Miscellaneous	42,641	168,938	211,579	29,202	29,244	58,446	270,025
<b>Total expenses</b>	<b>\$ 33,399,152</b>	<b>\$ 56,750,330</b>	<b>\$ 90,149,482</b>	<b>\$ 5,831,875</b>	<b>\$ 17,328,575</b>	<b>\$ 23,160,450</b>	<b>\$ 113,309,932</b>

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



**American Bible Society**

**STATEMENTS OF CASH FLOWS**

**For the years ended June 30,**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (41,037,915)	\$ (19,711,600)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	1,046,872	1,149,351
Change in provision for obsolete and slow-moving inventory	6,922	(175,633)
Net unrealized and realized depreciation (appreciation) in fair value of investments	7,543,039	(20,550,918)
Net unrealized and realized depreciation in fair value of third-party trusts	121,198	404,060
Changes in assets and liabilities:		
Increase (decrease) in accounts and accrued interest receivables	4,221,695	(2,594,339)
Increase in amounts held in escrow	-	(4,119,153)
Decrease in inventories	461,918	422,304
Increase (decrease) in prepaid expenses and other assets	11,488	(47,964)
Increase (decrease) in contributions receivable and beneficial interest in investments held by third-party trustees, excluding split-interest agreements	144,160	(559,769)
(Decrease) increase in accounts payable and accrued expenses	(5,671,596)	7,546,202
Decrease in deferred allowances from leasing activity, net	(118,790)	(56,599)
Increase (decrease) in accrued postretirement benefits	4,225,608	(260,985)
	<u>(29,045,401)</u>	<u>(38,555,043)</u>
Net cash used in operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investment securities	517,778,957	274,819,241
Purchases of investment securities	(449,096,297)	(229,894,779)
Acquisition of fixed assets	(26,416,323)	(5,333,695)
	<u>42,266,337</u>	<u>39,590,767</u>
Net cash provided by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of new split-interest agreements, in excess of contributions recognized	251,633	590,792
Endowment contributions	-	45,525
Change in value of split-interest agreements	347,606	1,034,125
Change in value of split-interest agreements held by third parties	40,783	625,252
Payments to third-party beneficiaries under split-interest agreements	(3,464,057)	(3,767,697)
Investment income on split-interest agreements held for others	924,144	960,780
	<u>(1,899,891)</u>	<u>(511,223)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	11,321,045	524,501
Cash and cash equivalents, beginning of year	<u>2,313,347</u>	<u>1,788,846</u>
Cash and cash equivalents, end of year	<u>\$ 13,634,392</u>	<u>\$ 2,313,347</u>

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

**American Bible Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**NOTE A - DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES**

***The Organization***

In 1816, American Bible Society (the “Society”) was founded in New York City as a Christian organization committed to distributing and engaging people with God’s Word in the United States and throughout the world. Serving alongside the global Christian Church, the Society remains dedicated to this original purpose, with a mission “to make the Bible available to every person in a language and format each can understand and afford, so all people may experience its life-changing message.”

Today, the Society invites millions across the globe to experience the profound, life-changing message of the Bible, focusing on:

- **TRANSLATION.** The Society makes the Word of God available and alive for millions of people still waiting for a Bible in their own language. The Society works with ministries and Bible Societies across the globe to accelerate Bible translation through innovative technology, collaborative partnerships, and a shared sense of urgency. By 2026, the Society will see 100% of languages open to Scripture engagement;
- **TRAUMA HEALING.** Trauma is a barrier to the hope of the gospel. Bible-based trauma healing uses the power of Scripture, combined with mental health best practices, to bring joy to wounded hearts. The Society brings God’s message of love, hope, and redemption to some of the world’s darkest places such as refugee camps, orphanages, prisons, and war-torn villages; and
- **TRANSFORMING AMERICA.** American virtues like liberty and justice are drawn from the pages of Scripture. Throughout the Society’s history, from the Founding Fathers to the Civil Rights movement, the Bible has guided American heroes in their pursuit of justice. Today, the Society invites millions of Americans to engage with the Word of God to transform its neighborhoods, its cities, and its country, one heart at a time.

The Society carries out its mission by:

- Affirming the power of God to speak to every generation through the Holy Scripture;
- Providing translations of the Holy Scriptures that are faithful to the original biblical texts;
- Working in partnership with all Christian churches and Christian communities; and
- Engaging culture and empowering the Church with God’s Word through technology, new media, and digital channels.

The ongoing work of the Society, incorporated in the State of New York in 1841, is dependent on strong contributions from thousands of donors and supporters. The Society has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation.

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

## American Bible Society

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

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

The FLDC was established as a limited liability company on June 11, 2018 under the Limited Liability Company Act of the State of Delaware. The sole member of Faith and Liberty Discovery Center, LLC is American Bible Society, with which FLDC activities will consolidate. For the year ended June 30, 2020, the activities of the FLDC were immaterial.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Society’s operational and financial performance will depend on certain developments, including the continued duration and spread of the outbreak and its impact on the Society’s donors and program partners, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Society’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Presentation***

The accompanying financial statements of the Society have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

##### **Net Assets Without Donor Restrictions**

Represent net assets that are not subject to donor-imposed stipulations and are fully available to be utilized in any of the Society’s programs or supporting services. Net assets without donor restrictions include certain amounts designated for specific use by the Society’s Board of Directors.

##### **Net Assets With Donor Restrictions**

Represent net assets that are subject to donor-imposed stipulations whose use is restricted by time and/or purpose. A portion of the Society’s net assets with donor restrictions requires the Society to use or expend the gifts as specified, based on purpose or passage of time.

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

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions embodied in the accompanying financial statements relate to actuarial assumptions used to calculate postretirement benefit obligations, the determination of allowances for doubtful accounts, loans and contribution receivables, provision for obsolete and slow-moving inventory, the useful lives assigned to fixed assets, obligations under split-interest agreements, and the fair value of certain financial instruments, particularly non-exchange traded alternative investments. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Society classifies deposits in banks, money market accounts, and debt instruments with original maturities of three months or less from the date of purchase as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments on the statement of financial position.

***Bible Ministry Grants Payable***

The awarding of grants is reflected on the financial statements at the time they are approved by the Society and the respective grantee is notified. Grants represent unconditional promises to give and are expected to be paid within one year of approval. Grants payable are included within accounts payable and accrued expenses on the accompanying statements of financial position. As of June 30, 2020 and 2019, the Society had grants payable of \$2,931,091 and \$7,193,567, respectively.

***Split-Interest Agreements***

Assets held under charitable gift annuities, life income funds, and charitable remainder trusts with the Society acting as trustee are included in investments. The Society's remainder interests under charitable remainder trusts administered by third parties are reflected as beneficial interest in investments held by third-party trustees. Contribution revenue is recognized at the date these split-interest agreements are established.

Under the Society's charitable gift annuities program and for charitable remainder trusts where the Society is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other stipulated beneficiaries. Under life income funds, deferred revenue is recorded representing the amount of the discount for future interests.

Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to the Society. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the statement of activities.

The discount rate utilized to value split-interest agreements remained constant at 6% at June 30, 2020 and 2019. The mortality table utilized to calculate the life expectancy of annuitants at June 30, 2020 and 2019 is the IAR 2012 Mortality Table, which is a dynamic table that updates life expectancy from year to year.

The Society is required to segregate assets to serve as reserves related to its gift annuity program based on the laws of the State of New York and other states in which it solicits and administers these gifts. Such reserves totaled \$30,865,088 and \$31,351,897 at June 30, 2020 and 2019, respectively, and are in excess of all reserve requirements in all states that require such reserves.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The following tables summarize the changes in the Society's obligations under split-interest agreements for the years ended June 30, 2020 and 2019:

	2020			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2019	\$ 5,673,748	\$ 21,891,526	\$ 4,902,720	\$ 32,467,994
Proceeds of new split-interest agreements	-	251,633	-	251,633
Change in value of split-interest agreements	(717,617)	597,397	467,825	347,605
Payments to third-party beneficiaries under split-interest agreements	(679,757)	(2,490,838)	(293,462)	(3,464,057)
Investment income on split-interest agreements held for others	627,477	-	296,667	924,144
	<u>\$ 4,903,851</u>	<u>\$ 20,249,718</u>	<u>\$ 5,373,750</u>	<u>\$ 30,527,319</u>
	2019			
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2018	\$ 5,465,941	\$ 23,077,957	\$ 5,106,146	\$ 33,650,044
Proceeds of new split-interest agreements	458,247	132,545	-	590,792
Change in value of split-interest agreements	(181,728)	1,421,648	(205,845)	1,034,075
Payments to third-party beneficiaries under split-interest agreements	(736,373)	(2,741,949)	(289,375)	(3,767,697)
Investment income on split-interest agreements held for others	667,661	1,325	291,794	960,780
	<u>\$ 5,673,748</u>	<u>\$ 21,891,526</u>	<u>\$ 4,902,720</u>	<u>\$ 32,467,994</u>

***Fixed Assets and Depreciation***

Furniture and equipment acquired for greater than \$5,000 and with useful lives greater than three years are capitalized and depreciated over their estimated useful lives, ranging from 3 to 10 years. Depreciation is calculated using the straight-line method. Leasehold improvements installed for greater than \$5,000 are recorded at cost and amortized on a straight-line basis over the lesser of the economic useful life of the respective betterment or the lease period to which they pertain.

***Library Collection***

The Society maintains a rare Scripture collection held for exhibition, education and research that has been acquired through purchases and contributions since the Society's inception. The Society maintains policies and procedures addressing the collection's upkeep and management. The Society has adopted the policy of not capitalizing its collection, which is insured at a value of approximately \$14 million. Purchases of collections are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired.

## American Bible Society

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

#### **Contributions**

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give to the Society after one year are discounted using an appropriate discount rate commensurate with the risks involved (credit adjusted). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Society has been notified of certain intentions to give under various wills and trust agreements as well as conditional gifts, the realizable amounts of which are not presently determinable. The Society's share of such bequests is recorded when the Society has an irrevocable right to the bequest and the proceeds are measurable.

#### **Scripture Sales, Royalties and Accounts Receivable**

Scripture sales, net of discounts, are recorded when shipped, that is when title passes to customers. Royalty income is recognized when earned. Accounts receivable, which principally relate to Scripture sales, are reflected net of an appropriate allowance for doubtful accounts. The allowance for doubtful accounts is determined based-upon an annual review of account balances, including age of the balance and historical collection experience. Such receivables are written-off when determined to be uncollectible.

#### **Fair Value of Financial Instruments**

The carrying amounts of financial instruments approximate fair value. The fair value of investments is based on quoted market prices, except for certain investments, principally private equities and similar interests, for which quoted market prices are not readily available. The estimated fair value of these investments is based on valuations provided by external investment managers or by the respective general partner or manager as of the reporting date. Because the fair value of the Society's investment in these assets is not readily available, their estimated value is subject to uncertainty and, therefore, may differ markedly from the value that would have been reported on the accompanying financial statements had a ready market for such investments existed. Such difference could be material. Liabilities under split-interest agreements are reflected based upon the present value of the estimated future payments expected to be made to donors and other stipulated beneficiaries.

#### **Concentrations of Credit Risk**

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds, and alternative investments. The Society maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. The Society's cash accounts were placed with high credit quality financial institutions and the Society's investment portfolio is diversified with several investment managers in a variety of asset classes. The Society has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### **Income Taxes**

Certain of the Society's investments (See Note D) give rise to unrelated business income tax ("UBIT") liabilities. The Society had a UBIT liability of \$0 and \$5,728 at June 30, 2020 and 2019, respectively.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

Accounting Standards Codification 740, *Income Taxes*, clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. It was effective for the Society on July 1, 2009, and had no material impact on the accompanying financial statements. The tax years ended 2018, 2019 and 2020 are still open to audit for both federal and state purposes. The Society has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

***New Pronouncements***

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

***Reclassification***

The Society reclassified certain net assets without donor restrictions which were previously included as designated for specific operating purposes and other on its 2019 statement of financial position to now be presented as either undesignated or designated for pension, as appropriate, to conform with the 2020 presentation. The effect of this reclassification did not change total net assets, revenues, or expenses as previously reported.

***Subsequent Events***

The Society evaluated its June 30, 2020 financial statements for subsequent events through February 2, 2021, the date the financial statements were available to be issued.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**NOTE C - INVENTORIES, NET**

Inventories are valued at the lower of cost or market under the standard cost method, less an appropriate reserve for slow-moving or obsolete items. Inventories at June 30, 2020 and 2019 and scripture sales for the years then ended consist of the following:

	2020	2019
Finished Scripture products held for sale	\$ 3,250,321	\$ 2,843,204
Scripture resources for ministry use	1,775,632	2,633,671
Work in process and raw materials	13,610	24,607
	5,039,563	5,501,482
Less: inventory reserve	(55,258)	(48,336)
	\$ 4,984,305	\$ 5,453,146
Components of gross margin:		
Scripture sales	\$ 3,745,125	\$ 3,359,566
Less: cost of Scripture and related materials sold	(2,459,112)	(1,671,695)
Gross margin on Scripture sales	\$ 1,286,013	\$ 1,687,871

Included in national ministries bible ministry grants expense is the cost of Scripture resources for ministry use, which totaled \$1,725,568 and \$2,095,771 for the years ended June 30, 2020 and 2019, respectively.

**NOTE D - INVESTMENTS**

Investments, at fair value, at June 30, 2020 and 2019 consist of the following:

	2020	2019
Cash and cash equivalents, net	\$ 17,286,544	\$ 52,464,969
Equities	354,824,134	356,754,123
Fixed income	94,435,270	111,315,226
Private equities	44,908,550	40,623,661
Real assets	42,670,803	44,800,988
Absolute return	68,454,752	93,239,649
	\$ 622,580,053	\$ 699,198,616

The cost of investments totaled \$515,176,772 and \$559,363,012 at June 30, 2020 and 2019, respectively.

Included in investments at June 30, 2020 and 2019 are \$10,489,862 and \$11,615,994, respectively, held under trusts where the Society acts as trustee in connection with its split-interest agreements with donors. Life income agreements of \$8,496,827 and \$9,528,609 at June 30, 2020 and 2019, respectively, are also included in investments.



**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The Society lends certain equities and bonds included in its investment portfolio to brokerage firms. In return for the securities loaned, the Society receives cash and/or U.S. treasury securities as collateral in amounts at least equal to the fair value of the securities loaned. At June 30, 2020 and 2019, the fair value of the collateral received totaled \$948,507 and \$2,802,709, respectively, and is reflected as part of liabilities. The Society retains all rights of ownership to the securities loaned and continues to receive all interest and dividend income. The related collateral at June 30, 2020 and 2019 is presented as part of investments and payable under securities loan agreement on the accompanying statements of financial position.

The Society has committed to investing an additional \$44,401,080 in certain private equity partnerships, which are to be funded primarily over the next 3-5 years, with a maximum commitment period of 12 years.

**Fair Value Measurements**

The Society adopted guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition for fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument. The standard defines three levels of inputs that may be used to measure fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the Society, and exclude listed equities and other securities held indirectly through commingled funds;
- Level 2 Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies; and
- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

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

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

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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

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

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels discussed above as of June 30, 2019:

	Cash/ Equivalents and Net Receivables/ Payables	Equities	Fixed Income	<u>Alternative Assets</u>			Total
				Private Equities	Real Assets	Absolute Return	
Level 1	\$ 52,464,969	\$ 137,412,773	\$ 44,177,270	\$ -	\$ -	\$ -	\$ 234,055,012
Level 2	-	46,527,020	43,023,676	-	-	-	89,550,696
Level 3	-	1,708,430	-	-	20,523,483	-	22,231,913
NAV	-	171,105,900	24,114,280	40,623,661	24,277,505	93,239,649	353,360,995
Total	<u>\$ 52,464,969</u>	<u>\$ 356,754,123</u>	<u>\$ 111,315,226</u>	<u>\$ 40,623,661</u>	<u>\$ 44,800,988</u>	<u>\$ 93,239,649</u>	<u>\$ 699,198,616</u>

The following table summarizes the changes in the Society's Level 3 investments for the year ended June 30, 2019:

	<u>Equities</u>	<u>Real Assets</u>	<u>Total</u>
Balance at June 30, 2018	\$ 1,708,211	\$ 19,349,904	\$ 21,058,115
Unrealized appreciation	219	1,096,415	1,096,634
Purchases of investments	-	77,164	77,164
Proceeds from sales, redemptions, and distributions	-	-	-
Balance at June 30, 2019	<u>\$ 1,708,430</u>	<u>\$ 20,523,483</u>	<u>\$ 22,231,913</u>

The Society's investments are managed in accordance with investment guidelines established by the Society's Board of Directors. The Society's Board of Directors annually approves the level of investment return to be appropriated for operations. The annual spending rate, subject to Board approval, is calculated as follows: 70% of the previous year's spending amount adjusted for the annual rate of inflation, plus 30% of the most recent four-quarter average fair value of the investment pool multiplied by 5%. Amounts approved totaled \$28,477,191 and \$28,777,257 in 2020 and 2019, respectively. In addition, the Society's Board of Directors also approved the use of an additional \$13,037,989 and \$6,441,525 in 2020 and 2019, respectively, of investment return to fund additional ministry expense, pension expense, and post-retiree health care benefits. Amounts approved for capital activities and other purposes, which are reflected as part of nonoperating activities in the accompanying statements of activities, totaled \$17,025,367 and \$4,902,729, respectively, for the years ended June 30, 2020 and 2019.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The components of investment return (loss) for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Interest and dividends	\$ 10,314,174	\$ 11,640,119
Unrealized (depreciation) appreciation in fair value of investments	(32,336,777)	4,233,509
Realized gains	24,791,527	16,313,489
Investment expenses	(2,857,382)	(2,950,267)
Investment (loss) return, net	(88,458)	29,236,850
Amounts appropriated for program services	(28,477,191)	(28,777,257)
Amounts appropriated for specific operating purposes	(13,037,989)	(6,441,525)
Investment return appropriated for operations	(41,515,180)	(35,218,782)
Amounts appropriated for capital activities and other purposes	(17,025,367)	(4,902,729)
Investment loss, less amounts appropriated for operations and capital activities	\$ (58,629,005)	\$ (10,884,661)
Unrealized depreciation in fair value of investment in third-party trusts	\$ (123,804)	\$ (404,060)

The Society uses the net asset value (“NAV”) per share or its equivalent to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value; and (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following tables list investments reported at fair value based on NAV by major asset category as of June 30, 2020 and 2019:

2020								
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions
Private equity	Venture and buyout in the U.S. and international	\$ 44,908,550	27	1 to 12 years	\$ 28,544,438	1 to 10 years	N/A	N/A
Inflation hedging/real assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF	24,827,130	12	1 to 30 years	15,856,642	1 to 4 years	Private equity structures have no redemption options.	N/A
Flexible capital/absolute return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure	68,454,752	7	N/A	N/A	N/A	Ranges as follows: Quarterly/Annual /3-year liquidity, 45-91 days.	1 fund allows annual liquidity, 2 funds quarterly liquidity, 3 funds 3-year liquidity, and 1 fund liquidating.
Equity partnership	Long/short and long only funds structured as partnerships	84,763,024	3	N/A	N/A	N/A	30 days notice and quarterly redemptions.	N/A
Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	86,135,588	4	N/A	N/A	N/A	Ranges from 1 business day notice to 30 days, monthly redemptions.	N/A
Total		\$309,089,044	53		\$ 44,401,080			

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

		2019						
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions
Private equity	Venture and buyout in the U.S. and international	\$ 40,623,661	29	1 to 12 years	\$ 29,068,870	1 to 10 years	N/A	N/A
Inflation hedging/real assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF	24,277,505	12	1 to 30 years	15,334,635	1 to 4 years	Private equity structures have no redemption options.	N/A
Flexible capital/absolute return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure	83,025,414	6	N/A	N/A	N/A	Ranges as follows: Quarterly/Annual/3-year liquidity, 45-91 days.	1 fund allows annual liquidity, 2 funds quarterly liquidity, 3 funds 3-year liquidity, and 1 fund liquidating.
Equity partnership	Long/short and long only funds structured as partnerships	60,138,109	2	N/A	N/A	N/A	30 days notice and quarterly redemptions.	N/A
Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	145,296,306	6	N/A	N/A	N/A	Ranges from 1 business day notice to 30 days, monthly redemptions.	N/A
Total		<u>\$ 353,360,995</u>	<u>55</u>		<u>\$ 44,403,505</u>			

**NOTE E - TRANSACTIONS WITH FELLOWSHIP AND AFFILIATED ORGANIZATIONS**

The Society provides major financial support to the United Bible Societies Association (“UBSA”) and, as one of the founding national Bible Societies of the United Bible Societies fellowship, performs much of its program efforts globally through funding programmatic efforts of its fellow national Bible Societies. During fiscal 2020 and 2019, this support amounted to \$23,623,351 and \$24,259,127, respectively.

During fiscal 2006, due to the uncertainty associated with repayment, the Society agreed to convert its then program loan receivable due from the Bible Society in Russia, in the amount of \$1,500,000, to a local fundraising challenge grant which, if successful, would lead to the eventual forgiveness of the loan balance. At June 30, 2020 and 2019, the receivable, which has been fully reserved for, net of amounts forgiven, totaled \$207,785 and \$251,843, respectively.

**NOTE F - BENEFICIAL INTEREST IN INVESTMENTS HELD BY THIRD-PARTY TRUSTEES**

The Society maintains a beneficial interest in investments held by third-party trustees. The Society’s share of such funds had a fair value totaling \$25,638,803 and \$25,575,058 at June 30, 2020 and 2019, respectively.

At June 30, 2020 and 2019, the Society’s beneficial interest in investments held by third-party trustees was classified as Level 3 within the fair value hierarchy.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The following tables summarize the changes in the Society's Level 3 beneficial interest in investments held by third-party trustees for the years ended June 30, 2020 and 2019:

	2020	2019
Balance, beginning of year	\$ 25,575,058	\$ 25,937,956
New agreements	223,633	46,471
Terminated agreements	(74,080)	(630,523)
Change in value due to actuarial valuations	37,996	625,214
Unrealized depreciation in fair value of third-party trusts	(123,804)	(404,060)
Balance, end of year	\$ 25,638,803	\$ 25,575,058

**NOTE G - FIXED ASSETS, NET**

Fixed assets are carried at cost less accumulated depreciation and amortization and consist of the following at June 30, 2020 and 2019:

	2020	2019
Furniture, fixtures, and equipment	\$ 4,068,110	\$ 7,803,504
Leasehold improvements	13,679,014	13,712,044
Capitalized software	-	4,948,941
	17,747,124	26,464,489
Less: Accumulated depreciation and amortization	(4,550,244)	(12,220,737)
CIP - Leasehold improvements pertaining to the FLDC	30,766,374	5,107,687
CIP - Capitalized software	1,166,170	408,533
	\$ 45,129,424	\$ 19,759,971

During fiscal year 2020, the Society continued construction on the Faith and Liberty Discovery Center, as previously discussed in Note A, which will be located on the ground floor of its headquarters building. Construction and exhibit costs, relative to the FLDC, are recorded as construction in progress ("CIP") by the Society, until the FLDC is placed into service, at which point such assets will be transferred to the FLDC and depreciated. During fiscal 2020, the Society established a bank account in the name of the FLDC and deposited \$9,696,056 therein, to be used to reimburse the Society for construction costs as incurred. Amounts held on deposit by the FLDC are reflected as cash with an offsetting payable to the Society, which has been eliminated in preparing the accompanying 2020 statement of financial position.

In addition, as of June 30, 2020 and 2019, the Society has \$4,119,153 on deposit in an escrow account, held by a financial institution, for purposes of construction related activities occurring as part of its east side development project at its headquarters location. This project, which is unrelated to FLDC discussed in the preceding paragraph, relates to both exterior construction as well as any potential costs pertaining to tenant improvements associated with sublease agreements within a separate area of the ground floor of its headquarters building. Construction costs and related draws from this escrow account are expected to commence during fiscal 2021.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**NOTE H - NET ASSETS**

The Society's Board of Directors has designated certain unrestricted assets for employee pension benefits, which total \$9,933,547 and \$11,729,351 at June 30, 2020 and 2019, respectively. In fiscal year 2020, the Society's Board of Directors also designated certain net assets without donor restrictions for the development of the Faith and Liberty Discovery Center totaling \$17,025,367.

In addition, the Society's Board of Directors has designated certain net assets without donor restrictions to function as an endowment (quasi-endowment). A portion of the annual investment return generated from these assets is used to fund operating expenses as approved by the Board of Directors. Investment return in excess of approved amounts is used to maintain the purchasing power of the investments and to help ensure resources for future needs, ministries, and opportunities (see also Note L).

Net assets with donor restrictions at June 30, 2020 and 2019 are expendable for the following purposes:

	2020	2019
Life income agreements	\$ 12,268,638	\$ 12,527,307
Trust agreements	33,661,953	33,484,375
Geographically focused programs and operations	24,575,011	22,635,495
	\$ 70,505,602	\$ 68,647,177

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

	2020	2019
Bible engagement and distribution	\$ 7,853,250	\$ 7,852,355
General support	33,218,421	33,339,592
	\$ 41,071,671	\$ 41,191,947

During the years ended June 30, 2020 and 2019, the Society released \$25,668,277 and \$30,382,747, respectively, from donor restrictions.

**NOTE I - PENSION, POSTRETIREMENT HEALTH CARE, AND LIFE INSURANCE BENEFITS**

The Society currently provides a defined contribution pension plan for all qualified employees. The Society contributed approximately \$1,686,000 and \$1,733,000 in 2020 and 2019, respectively, to the plan. Contributions are based on a percentage of each eligible employee's compensation, which includes an employer matching contribution.

The Society also provides certain noncontributory health care and life insurance benefits to retired employees hired prior to July 1, 2005. This unfunded plan is designed to provide medical benefits to participants based upon date of hire and years of service.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The following table sets forth the plan's funded status and other information relative to the plan as of and for the years ended June 30, 2020 and 2019.

	2020	2019
Postretirement benefit obligation at beginning of year		
Actives not fully eligible to retire	\$ 853,398	\$ 659,018
Actives fully eligible to retire	3,996,657	3,624,366
Retirees	29,194,800	30,022,456
Total	34,044,855	34,305,840
Service cost	45,772	37,254
Interest cost	1,083,114	1,322,497
Actuarial loss	5,234,492	774,897
Benefits paid	(2,137,770)	(2,395,633)
Postretirement benefit obligation at end of year		
Actives not fully eligible to retire	1,121,044	853,398
Actives fully eligible to retire	4,644,046	3,996,657
Retirees	32,505,373	29,194,800
Total	\$ 38,270,463	\$ 34,044,855

The change in plan assets for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Employer contribution	\$ 2,137,770	\$ 2,395,633
Benefits paid	(2,137,770)	(2,395,633)
Fair value of plan assets at end of year	\$ -	\$ -

The funded status for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Postretirement benefit obligation at end of year	\$ 38,270,463	\$ 34,044,855
Fair value of plan assets at end of year	-	-
Funded status end of year	\$ 38,270,463	\$ 34,044,855
Current liability	2,053,380	2,137,768
Non-current liability	36,217,083	31,907,087
Total	\$ 38,270,463	\$ 34,044,855

**American Bible Society**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2020 and 2019**

Components of net periodic benefit cost for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Service cost	\$ 45,772	\$ 37,254
Interest cost	1,083,114	1,322,497
Amortization of:		
Prior service cost	-	-
Actuarial losses	296,194	224,787
Net periodic postretirement benefit cost	\$ 1,425,080	\$ 1,584,538

Other changes in benefit obligations recognized in net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Net actuarial loss	\$ 5,234,492	\$ 774,897
Amortization of unrecognized amounts	(296,194)	(224,787)
Total changes recognized in net assets without donor restrictions	\$ 4,938,298	\$ 550,110
Total changes recognized in net periodic benefit cost and net assets without donor restrictions	\$ 6,363,378	\$ 2,134,648

The estimated net loss to be amortized from net assets without donor restrictions into net periodic benefit cost during fiscal 2021 is \$968,220.

**Assumptions**

	2020	2019
Assumptions used to determine benefit obligations at June 30:		
Discount rate	2.39%	3.28%
Assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	3.28%	3.99%
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	7.50%	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2026	2024
Dental trend rate	4.50%	4.50%
Effect of a 1% increase in health care cost trend rate on:		
Interest and service cost	\$ 127,460	\$ 133,122
Accumulated postretirement benefit obligation	\$ 4,509,401	\$ 3,683,762
Effect of a 1% decrease in health care cost trend rate on:		
Interest and service cost	\$ (104,539)	\$ (109,974)
Accumulated postretirement benefit obligation	\$ (3,708,338)	\$ (3,045,788)



**American Bible Society**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2020 and 2019**

**Contributions**

The Society expects to contribute \$2,053,380 to its postretirement benefit plan during the year ending June 30, 2021.

**Estimated Future Benefit Payments**

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

2021	\$ 2,053,380
2022	2,063,798
2023	2,051,483
2024	2,064,918
2025	2,062,423
2026-2030	9,276,670

**NOTE J - COMMITMENTS AND CONTINGENCIES**

**Rental Expense**

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

	Facilities	Equipment	Total
Year ending June 30:			
2021	\$ 3,764,076	\$ 46,904	\$ 3,810,980
2022	3,960,051	52,278	4,012,329
2023	4,049,072	45,600	4,094,672
2024	4,196,761	7,600	4,204,361
2025	4,371,591	-	4,371,591
Thereafter	80,041,920	-	80,041,920
	<u>\$ 100,383,471</u>	<u>\$ 152,382</u>	<u>\$ 100,535,853</u>

Effective July 2, 2015, the Society entered into a 25-year operating facilities lease for its headquarters space located in Philadelphia, Pennsylvania. Rent expense for the use of this space for the years ended June 30, 2020 and 2019 totaled \$3,531,126 and \$3,531,126, respectively. Deferred allowance from lease activity primarily relates to a period of free rent related to the Society's headquarters lease and a tenant construction allowance that is being amortized over the term of the lease.

Equipment rent expense for the years ended June 30, 2020 and 2019 totaled \$74,304 and \$73,587, respectively.

**NOTE K - EXPENSES AND OTHER CHARGES**

During the years ended June 30, 2020 and 2019, the Society incurred joint costs of \$12,312,422 and \$12,492,375, respectively, for informational materials and activities that included development appeals. Of those costs, \$6,502,247 and \$7,133,146, respectively, have been allocated to development with \$5,810,175 and \$5,359,229, respectively, allocated to program services.

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**NOTE L - ENDOWMENT**

The Society's endowment consists of approximately 450 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Society's Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Society's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or relevant law.

During 2010, New York State passed the New York State Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). All not-for-profit organizations formed in New York, including the Society, must comply with this law, commencing with the Society's 2011 fiscal year.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. At June 30, 2020 and 2019, there were no deficiencies of this nature.

The Society has adopted investment and spending policies for its endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the Society's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment, exclusive of gift additions. The Society's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

The Society has interpreted NYPMIFA as requiring the Society, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligations to use the endowment to achieve the purposes for which it was donated. As a result of this interpretation, the Society classifies as part of its donor-restricted endowment: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Such accumulated gains are appropriated for expenditure by the Board of Directors of the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The following tables summarize endowment net asset composition by type of fund as of June 30, 2020 and 2019:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Donor-restricted endowment funds	\$ -	\$ 14,032,922	\$ 19,753,969	\$ 33,786,891
Board-designated endowment funds	480,801,452	-	-	480,801,452
<b>Total endowment funds</b>	<b>\$ 480,801,452</b>	<b>\$ 14,032,922</b>	<b>\$ 19,753,969</b>	<b>\$ 514,588,343</b>

  

	2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Donor-restricted endowment funds	\$ -	\$ 14,397,032	\$ 19,753,074	\$ 34,150,106
Board-designated endowment funds	537,263,434	-	-	537,263,434
<b>Total endowment funds</b>	<b>\$ 537,263,434</b>	<b>\$ 14,397,032</b>	<b>\$ 19,753,074</b>	<b>\$ 571,413,540</b>

Excluded from the donor-restricted portion of the endowment in the tables above at June 30, 2020 and 2019 are \$21,317,703 and \$21,385,704, respectively, of perpetual trusts held by third parties.

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 537,263,434	\$ 14,397,032	\$ 19,753,074	\$ 571,413,540
Contributions, net of amounts transferred to operations*	2,536,407	-	-	2,536,407
Interest and dividends	9,453,650	-	895	9,454,545
Unrealized depreciation in fair value of investments	(30,645,928)	(364,110)	-	(31,010,038)
Realized gains	23,853,502	-	-	23,853,502
Investment expenses	(2,764,116)	-	-	(2,764,116)
Other income, primarily royalties	243,016	-	-	243,016
Net change in value of split-interest agreements	(597,696)	-	-	(597,696)
Amounts appropriated for capital activities and other	(17,025,637)	-	-	(17,025,637)
Amounts appropriated for program services	(28,477,191)	-	-	(28,477,191)
Amounts appropriated for specific operating purposes	(13,037,989)	-	-	(13,037,989)
<b>Endowment net assets, end of year</b>	<b>\$ 480,801,452</b>	<b>\$ 14,032,922</b>	<b>\$ 19,753,969</b>	<b>\$ 514,588,343</b>

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

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The following table summarizes the changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 555,590,742	\$ 12,992,079	\$ 19,674,674	\$ 588,257,495
Contributions, net of amounts transferred to operations*	(3,483,889)	-	16,675	(3,467,214)
Interest and dividends	10,701,709	-	61,725	10,763,434
Unrealized appreciation in fair value of investments	3,067,988	1,404,953	-	4,472,941
Realized gains	15,252,301	-	-	15,252,301
Investment expenses	(2,879,942)	-	-	(2,879,942)
Other income, primarily royalties	557,917	-	-	557,917
Net change in value of split-interest agreements	(1,421,881)	-	-	(1,421,881)
Amounts appropriated for capital activities and other	(4,902,729)	-	-	(4,902,729)
Amounts appropriated for program services	(28,777,257)	-	-	(28,777,257)
Amounts appropriated for specific operating purposes	(6,441,525)	-	-	(6,441,525)
Endowment net assets, end of year	<u>\$ 537,263,434</u>	<u>\$ 14,397,032</u>	<u>\$ 19,753,074</u>	<u>\$ 571,413,540</u>

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

**NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

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

Available financial assets as of June 30, 2020 and 2019

	2020	2019
Cash and cash equivalents	\$ 13,634,392	\$ 2,313,347
Accounts, program loan and accrued interest receivables, net, due within one year	8,489,183	9,787,127
Contributions receivable, due within one year, unrestricted as to use	<u>1,175,802</u>	<u>1,008,824</u>
Total financial assets available within one year	23,299,377	13,109,298
Add: Anticipated investment return to be used for next fiscal year operations (endowment spending)	<u>58,666,017</u>	<u>34,900,000</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 81,965,394</u>	<u>\$ 48,009,298</u>

**American Bible Society**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

Excluded from the detail provided above are all investment amounts pertaining to the Society's endowment fund totaling \$514,588,343 and \$571,413,540 as of June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the Society's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) totaling \$33,786,891 and \$34,150,106, respectively, and the Society's board-designated endowment (quasi-endowment) totaling \$480,801,452 and \$537,263,434, respectively (See Note L for a detail of the Society's endowment fund). Earnings from donor-restricted endowment funds are unavailable for general use. The endowment is subject to an annual spending rate that is further described in Note D. Although the Society does not intend to spend from its board-designated endowment, other than amounts appropriated for operations annually, as of June 30, 2020 and 2019, the Society had \$480,801,452 and \$537,263,434, respectively, of board-designated endowment funds could be made available to support operations if necessary, following Board approval. Accordingly, the extent of available financial assets as of June 30, 2020 only includes an approximation of investment return that will be made available to fund fiscal year 2021 operations, pursuant to the Society's Board approved endowment spending policy. In addition, the fiscal 2021 draw includes an anticipated borrowing of \$22M from the Founders Fund (quasi-endowment) which will be used to complete the ground floor construction projects.

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

**Supplementary Information**

American Bible Society

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30,

	Society	FLDC	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,938,336	\$ 9,696,056	\$ -	\$ 13,634,392
Accounts, contributions, program loan and accrued interest receivables, net of allowance of \$232,487	5,719,396	-	-	5,719,396
Amounts receivable from the FLDC	9,696,056	-	(9,696,056)	-
Amounts held in escrow for construction	4,119,153	-	-	4,119,153
Inventories, net	4,984,305	-	-	4,984,305
Prepaid expenses and other assets	4,412,521	-	-	4,412,521
Investments	622,580,053	-	-	622,580,053
Beneficial interest in investments held by third-party trustees	25,638,803	-	-	25,638,803
Fixed assets, net	45,129,424	-	-	45,129,424
	<u>\$ 726,218,047</u>	<u>\$ 9,696,056</u>	<u>\$ (9,696,056)</u>	<u>\$ 726,218,047</u>
Total assets				
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 13,742,535	\$ -	\$ -	\$ 13,742,535
Amounts payable to the Society	-	9,696,056	(9,696,056)	-
Payable under securities loan agreement	948,507	-	-	948,507
Deferred allowance from lease activity	16,651,077	-	-	16,651,077
Obligations under charitable remainder trusts	4,903,851	-	-	4,903,851
Annuities payable	20,249,718	-	-	20,249,718
Deferred revenue under life income agreements	5,373,750	-	-	5,373,750
Accrued postretirement benefits	38,270,463	-	-	38,270,463
	<u>100,139,901</u>	<u>9,696,056</u>	<u>(9,696,056)</u>	<u>100,139,901</u>
Total liabilities				
Commitments and contingencies				
<b>NET ASSETS</b>				
Net assets without donor restrictions				
Undesignated	(21,363,550)	-	-	(21,363,550)
Designated for pension	9,933,547	-	-	9,933,547
Funds functioning as endowment	480,801,452	-	-	480,801,452
Land, building, and equipment, including amounts designated for the FLDC	45,129,424	-	-	45,129,424
	<u>514,500,873</u>	<u>-</u>	<u>-</u>	<u>514,500,873</u>
Total net assets without donor restrictions				
Net assets with donor restrictions	<u>111,577,273</u>	<u>-</u>	<u>-</u>	<u>111,577,273</u>
Total net assets	<u>626,078,146</u>	<u>-</u>	<u>-</u>	<u>626,078,146</u>
Total liabilities and net assets	<u>\$ 726,218,047</u>	<u>\$ 9,696,056</u>	<u>\$ (9,696,056)</u>	<u>\$ 726,218,047</u>

The accompanying financial statements and notes thereto and report of independent certified public accountants should be read in conjunction with this schedule.

American Bible Society  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the year ended June 30,

	Without Donor Restrictions				With Donor Restrictions				Total
	Society	FLDC	Eliminations	Total	Society	FLDC	Eliminations	Total	
<b>Operating Activities</b>									
Operating revenues and support:									
Contributions	\$ 22,957,198	\$ -	\$ -	\$ 22,957,198	\$ 26,980,523	\$ -	\$ -	\$ 26,980,523	\$ 49,937,721
Legacies	8,645,327	-	-	8,645,327	-	-	-	-	8,645,327
Scripture sales	3,745,125	-	-	3,745,125	-	-	-	-	3,745,125
Other	2,130,677	-	-	2,130,677	-	-	-	-	2,130,677
Net assets released from restrictions	25,668,277	-	-	25,668,277	(25,668,277)	-	-	(25,668,277)	-
Total operating revenues and support	<u>63,146,604</u>	<u>-</u>	<u>-</u>	<u>63,146,604</u>	<u>1,312,246</u>	<u>-</u>	<u>-</u>	<u>1,312,246</u>	<u>64,458,850</u>
Operating expenses									
Program services									
Scripture engagement and distribution:									
National ministries	35,688,537	-	-	35,688,537	-	-	-	-	35,688,537
International ministries	43,165,504	-	-	43,165,504	-	-	-	-	43,165,504
Total program services	<u>78,854,041</u>	<u>-</u>	<u>-</u>	<u>78,854,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,854,041</u>
Supporting services									
Administration	6,617,540	-	-	6,617,540	-	-	-	-	6,617,540
Development	14,728,583	-	-	14,728,583	-	-	-	-	14,728,583
Total supporting services	<u>21,346,123</u>	<u>-</u>	<u>-</u>	<u>21,346,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,346,123</u>
Total operating expenses	<u>100,200,164</u>	<u>-</u>	<u>-</u>	<u>100,200,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,200,164</u>
Changes in net assets from operating activities, before investment return appropriated for operations	(37,053,560)	-	-	(37,053,560)	1,312,246	-	-	1,312,246	(35,741,314)
Investment return appropriated for operations (Note D)	41,515,180	-	-	41,515,180	-	-	-	-	41,515,180
Changes in net assets from operating activities	<u>4,461,620</u>	<u>-</u>	<u>-</u>	<u>4,461,620</u>	<u>1,312,246</u>	<u>-</u>	<u>-</u>	<u>1,312,246</u>	<u>5,773,866</u>
<b>Nonoperating Activities</b>									
Investment return appropriated for capital activities and other (Note D)	17,025,367	-	-	17,025,367	-	-	-	-	17,025,367
Investment (losses) gains, net of amounts appropriated for operations and capital activities and other (Note D)	(58,727,057)	-	-	(58,727,057)	98,052	-	-	98,052	(58,629,005)
Depreciation in fair value of third-party trusts	-	-	-	-	(123,804)	-	-	(123,804)	(123,804)
Change in value of split-interest agreements	(597,696)	-	-	(597,696)	451,655	-	-	451,655	(146,041)
Pension related activity other than net periodic pension expense	(4,938,298)	-	-	(4,938,298)	-	-	-	-	(4,938,298)
Changes in net assets from nonoperating activ	<u>(47,237,684)</u>	<u>-</u>	<u>-</u>	<u>(47,237,684)</u>	<u>425,903</u>	<u>-</u>	<u>-</u>	<u>425,903</u>	<u>(46,811,781)</u>
Changes in net assets	<u>(42,776,064)</u>	<u>-</u>	<u>-</u>	<u>(42,776,064)</u>	<u>1,738,149</u>	<u>-</u>	<u>-</u>	<u>1,738,149</u>	<u>(41,037,915)</u>
Net assets, beginning of year	557,276,937	-	-	557,276,937	109,839,124	-	-	109,839,124	667,116,061
Net assets, end of year	<u>\$ 514,500,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,500,873</u>	<u>\$ 111,577,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,577,273</u>	<u>\$ 626,078,146</u>

The accompanying financial statements and notes thereto and report of independent certified public accountants should be read in conjunction with this schedule.