

FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN BIBLE SOCIETY

June 30, 2009 and 2008

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Audit • Tax • Advisory

Grant Thornton LLP  
666 Third Avenue, 13th Floor  
New York, NY 10017-4011

T 212.599.0100  
F 212.370.4520  
www.GrantThornton.com

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the  
American Bible Society:

We have audited the accompanying statements of financial position of the American Bible Society (the "Society") as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. 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 as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Bible Society as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
December 15, 2009

American Bible Society

**STATEMENTS OF FINANCIAL POSITION**

As of June 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 1,880,523	\$ 4,295,808
Accounts, contributions, program loans and accrued interest receivable, net of allowance of \$1,975,092 in 2009 and \$1,417,100 in 2008	5,885,138	5,136,803
Inventories, net (Note C)	5,242,749	7,007,343
Prepaid expenses and other assets	1,478,022	1,376,406
Investments (Note D):		
Long-term investments	406,949,058	489,222,750
Amounts held for United Bible Societies and others (Note J)	<u>17,657,072</u>	<u>21,931,684</u>
Total investments	<u>424,606,130</u>	<u>511,154,434</u>
Collateral received under securities loan agreement (Note D)	44,232,738	80,139,209
Beneficial interest in investments held by third-party trustees (Note F)	16,108,538	30,811,051
Land, building, and equipment, net (Note G)	15,096,585	18,349,628
Collection (Note B)	-	-
Total assets	<u>\$ 514,530,423</u>	<u>\$ 658,270,682</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,841,679	\$ 8,354,260
Payable under securities loan agreement (Note D)	44,232,738	80,139,209
Grants payable (Note E)	4,164,947	500,000
Annuities payable (Note B)	33,023,330	35,617,290
Deferred revenue under life income agreements (Note B)	5,528,316	6,334,438
Accrued postretirement benefits (Note I)	38,423,372	36,946,209
Amounts held for United Bible Societies and others (Note J)	<u>17,657,072</u>	<u>21,931,684</u>
Total liabilities	<u>151,871,454</u>	<u>189,823,090</u>
Net assets (Note B):		
Unrestricted:		
Undesignated	6,741,331	6,727,778
Designated for specific operating purposes (Note H)	26,094,051	26,528,755
Funds functioning as endowment (Notes H and M)	260,349,624	346,049,375
Land, building, and equipment	<u>14,732,049</u>	<u>18,001,253</u>
Total unrestricted	<u>307,917,055</u>	<u>397,307,161</u>
Temporarily restricted (Note H)	22,838,226	35,155,771
Permanently restricted (Notes H and M)	<u>31,903,688</u>	<u>35,984,660</u>
Total net assets	<u>362,658,969</u>	<u>468,447,592</u>
Total liabilities and net assets	<u>\$ 514,530,423</u>	<u>\$ 658,270,682</u>

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

American Bible Society

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:								
Operating revenues-								
Contributions	\$ 25,483,971	\$ 3,650,033	\$ 14,000	\$ 29,148,004	\$ 27,701,874	\$ 4,572,542	\$ 4,057	\$ 32,278,473
Legacies	13,269,341	-	-	13,269,341	6,270,881	162,957	-	6,433,838
Scripture sales (Note C)	8,160,344	-	-	8,160,344	9,076,931	-	-	9,076,931
Other	3,806,420	-	-	3,806,420	4,190,737	40,090	-	4,230,827
Net assets released from restrictions	15,880,004	(15,891,267)	11,263	-	4,492,308	(4,503,031)	10,723	-
Total operating revenues	<u>66,600,080</u>	<u>(12,241,234)</u>	<u>25,263</u>	<u>54,384,109</u>	<u>51,732,731</u>	<u>272,558</u>	<u>14,780</u>	<u>52,020,069</u>
Operating expenses (Note L):								
Program services-								
Distribution USA	47,943,625	-	-	47,943,625	53,459,891	-	-	53,459,891
Distribution overseas (Note E)	20,631,632	-	-	20,631,632	14,998,694	-	-	14,998,694
Total program services	<u>68,575,257</u>	<u>-</u>	<u>-</u>	<u>68,575,257</u>	<u>68,458,585</u>	<u>-</u>	<u>-</u>	<u>68,458,585</u>
Supporting services-								
Administration	8,527,967	-	-	8,527,967	14,693,147	-	-	14,693,147
Development and communications	13,119,292	-	-	13,119,292	12,376,847	-	-	12,376,847
Total supporting services	<u>21,647,259</u>	<u>-</u>	<u>-</u>	<u>21,647,259</u>	<u>27,069,994</u>	<u>-</u>	<u>-</u>	<u>27,069,994</u>
Total operating expenses	<u>90,222,516</u>	<u>-</u>	<u>-</u>	<u>90,222,516</u>	<u>95,528,579</u>	<u>-</u>	<u>-</u>	<u>95,528,579</u>
Changes in net assets from operating activities, before investment return appropriated for operations	(23,622,436)	(12,241,234)	25,263	(35,838,407)	(43,795,848)	272,558	14,780	(43,508,510)
Investment return appropriated for operations (Note D)	39,722,517	-	-	39,722,517	36,734,905	-	-	36,734,905
Changes in net assets from operating activities	<u>16,100,081</u>	<u>(12,241,234)</u>	<u>25,263</u>	<u>3,884,110</u>	<u>(7,060,943)</u>	<u>272,558</u>	<u>14,780</u>	<u>(6,773,605)</u>
Nonoperating activities:								
Investment loss, net of amounts appropriated for operations (Note D)	(101,263,141)	(3,591,174)	-	(104,854,315)	(51,139,738)	(2,145,015)	-	(53,284,753)
(Depreciation) appreciation in fair value of third-party trusts (Notes D and F)	-	-	(4,106,235)	(4,106,235)	-	-	231,618	231,618
Other changes	(2,500,032)	-	-	(2,500,032)	-	-	-	-
Change in value of split-interest agreements	(2,098,628)	3,514,863	-	1,416,235	(2,804,689)	1,379,017	-	(1,425,672)
Pension related activity other than net periodic pension expense	371,614	-	-	371,614	448,706	-	-	448,706
Changes in net assets from nonoperating activities	<u>(105,490,187)</u>	<u>(76,311)</u>	<u>(4,106,235)</u>	<u>(109,672,733)</u>	<u>(53,495,721)</u>	<u>(765,998)</u>	<u>231,618</u>	<u>(54,030,101)</u>
Changes in net assets	(89,390,106)	(12,317,545)	(4,080,972)	(105,788,623)	(60,556,664)	(493,440)	246,398	(60,803,706)
Net assets, beginning of year	<u>397,307,161</u>	<u>35,155,771</u>	<u>35,984,660</u>	<u>468,447,592</u>	<u>457,863,825</u>	<u>35,649,211</u>	<u>35,738,262</u>	<u>529,251,298</u>
Net assets, end of year	<u>\$ 307,917,055</u>	<u>\$ 22,838,226</u>	<u>\$ 31,903,688</u>	<u>\$ 362,658,969</u>	<u>\$ 397,307,161</u>	<u>\$ 35,155,771</u>	<u>\$ 35,984,660</u>	<u>\$ 468,447,592</u>

The accompanying notes are an integral part of these statements.

American Bible Society

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2009

	Program Services			Supporting Services			Total
	Distribution USA	Distribution Overseas	Total	Administration	Development and Communications	Total	
Salaries and wages	\$ 10,806,521	\$ 857,290	\$ 11,663,811	\$ 3,059,092	\$ 2,992,283	\$ 6,051,375	\$ 17,715,186
Employee benefits	4,239,690	349,074	4,588,764	832,845	1,100,270	1,933,115	6,521,879
Pension expense	999,038	903	999,941	264,769	273,738	538,507	1,538,448
Postretirement benefits	1,189,586	83,865	1,273,451	554,578	324,961	879,539	2,152,990
Storage costs	309,686	1,081	310,767	3,070	5,064	8,134	318,901
Office supplies	302,814	16,281	319,095	51,885	92,424	144,309	463,404
Equipment, repairs and rentals	1,309,972	124,306	1,434,278	430,985	277,514	708,499	2,142,777
Telephone	581,393	48,941	630,334	118,675	141,850	260,525	890,859
Travel and related costs	1,612,693	189,559	1,802,252	399,393	454,246	853,639	2,655,891
Field reps. and other office expenses	382,023	23,955	405,978	50,807	66,531	117,338	523,316
Memberships and subscriptions	96,620	5,509	102,129	57,164	24,596	81,760	183,889
Professional fees	2,334,407	970,648	3,305,055	261,988	742,410	1,004,398	4,309,453
Accounting fees	26,438	2,615	29,053	276,637	13,074	289,711	318,764
Legal fees	95,539	8,678	104,217	805,365	47,206	852,571	956,788
Meetings and conventions	189,210	6,903	196,113	12,464	19,407	31,871	227,984
Postage and mailing	2,370,326	139,522	2,509,848	38,307	2,023,408	2,061,715	4,571,563
Printing, publications and promotions	3,737,764	416,405	4,154,169	47,513	3,421,761	3,469,274	7,623,443
Grants	5,295,759	16,626,985	21,922,744	-	-	-	21,922,744
Occupancy	1,049,097	103,284	1,152,381	230,973	290,063	521,036	1,673,417
Insurance	187,175	16,014	203,189	30,184	69,823	100,007	303,196
Data processing	1,907,735	59,222	1,966,957	94,677	313,360	408,037	2,374,994
Miscellaneous	224,388	24,085	248,473	192,767	77,197	269,964	518,437
Depreciation and accretion of interest	3,181,577	556,507	3,738,084	713,829	348,106	1,061,935	4,800,019
Cost of goods sold	5,514,174	-	5,514,174	-	-	-	5,514,174
Total functional expenses	\$ 47,943,625	\$ 20,631,632	\$ 68,575,257	\$ 8,527,967	\$ 13,119,292	\$ 21,647,259	\$ 90,222,516

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

American Bible Society

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2008

	Program Services			Supporting Services			
	Distribution USA	Distribution Overseas	Total	Administration	Development and Communications	Total	Total
Salaries and wages	\$ 11,640,040	\$ 73,584	\$ 11,713,624	\$ 4,711,420	\$ 1,210,008	\$ 5,921,428	\$ 17,635,052
Employee benefits	3,876,772	21,070	3,897,842	1,672,892	639,366	2,312,258	6,210,100
Pension expense	756,795	9,535	766,330	541,902	149,900	691,802	1,458,132
Postretirement benefits	2,029,532	11,212	2,040,744	778,787	484,868	1,263,655	3,304,399
Storage costs	288,760	166	288,926	9,722	758	10,480	299,406
Office supplies	316,332	1,111	317,443	113,073	23,474	136,547	453,990
Equipment, repairs and rentals	1,486,908	31,725	1,518,633	729,892	166,569	896,461	2,415,094
Telephone	463,706	11,817	475,523	126,506	92,131	218,637	694,160
Travel and related costs	2,173,725	5,597	2,179,322	519,055	472,245	991,300	3,170,622
Field reps. and other office expenses	389,452	4,610	394,062	132,058	21,615	153,673	547,735
Memberships and subscriptions	107,101	172	107,273	76,309	13,225	89,534	196,807
Professional fees	3,983,248	537	3,983,785	1,835,428	2,058,709	3,894,137	7,877,922
Legal fees	16,315	-	16,315	703,314	8,742	712,056	728,371
Meetings and conventions	235,932	281	236,213	58,935	16,672	75,607	311,820
Postage and mailing	2,625,547	554	2,626,101	75,577	2,231,959	2,307,536	4,933,637
Printing, publications and promotions	7,552,515	621	7,553,136	277,819	4,220,314	4,498,133	12,051,269
Grants	4,010,845	14,012,864	18,023,709	-	-	-	18,023,709
Occupancy	1,074,899	27,488	1,102,387	509,367	81,627	590,994	1,693,381
Insurance	202,989	2,628	205,617	64,907	50,173	115,080	320,697
Data processing	1,439,332	4,058	1,443,390	963,441	17,608	981,049	2,424,439
Miscellaneous	368,339	761	369,100	84,062	16,223	100,285	469,385
Depreciation and accretion of interest	2,958,976	778,303	3,737,279	708,681	400,661	1,109,342	4,846,621
Cost of goods sold	5,461,831	-	5,461,831	-	-	-	5,461,831
Total functional expenses	<u>\$ 53,459,891</u>	<u>\$ 14,998,694</u>	<u>\$ 68,458,585</u>	<u>\$ 14,693,147</u>	<u>\$ 12,376,847</u>	<u>\$ 27,069,994</u>	<u>\$ 95,528,579</u>

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

American Bible Society

**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Changes in net assets	<b>\$ (105,788,623)</b>	\$ (60,803,706)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	4,783,860	4,831,282
Change in provision for obsolete and slow-moving inventory	714,162	(13,083)
Accretion of interest on conditional asset retirement obligations	16,162	15,341
Net unrealized and realized depreciation in fair value of investments	73,534,001	30,169,924
Net unrealized and realized depreciation (appreciation) in fair value of third-party trusts	4,106,235	(231,618)
Changes in assets and liabilities:		
Increase in accounts and accrued interest receivable	(748,335)	(1,305,554)
Decrease (increase) in inventories	1,050,432	(1,765,048)
(Increase) in prepaid expenses and other assets	(101,616)	(250,662)
Decrease in contributions receivable and beneficial interest in investments held by third-party trustees, excluding split-interest agreements	9,012,220	106,164
Increase (decrease) in accounts payable and accrued expenses	471,257	(968,934)
Increase (decrease) in grants payable	3,664,947	(1,165,142)
Increase in accrued postretirement benefits	1,477,163	2,855,692
Decrease in amounts held for United Bible Societies and others	(4,274,612)	(880,740)
Permanently restricted contributions	(14,000)	(4,057)
Net cash used in operating activities	<u>(12,096,747)</u>	<u>(29,410,141)</u>
Cash flows from investing activities:		
Proceeds from sales of investment securities	305,940,827	577,075,142
Purchases of investment securities	(292,926,524)	(539,286,101)
Acquisition of fixed assets	(1,530,817)	(5,293,789)
Net cash provided by investing activities	<u>11,483,486</u>	<u>32,495,252</u>
Cash flows from financing activities:		
Proceeds of new split-interest agreements in excess of contributions recognized	1,000,676	1,691,320
Permanently restricted contributions	14,000	4,057
Change in value of split-interest agreements	167,822	798,588
Change in value of split-interest agreements held by third-parties	1,584,058	627,084
Payments to third-party beneficiaries under split-interest agreements	(5,755,510)	(5,855,472)
Investment income on split-interest agreements held for others	1,186,930	1,558,311
Net cash used in financing activities	<u>(1,802,024)</u>	<u>(1,176,112)</u>
Net increase (decrease) in cash and cash equivalents	<b>(2,415,285)</b>	1,908,999
Cash and cash equivalents, beginning of year	<u>4,295,808</u>	<u>2,386,809</u>
Cash and cash equivalents, end of year	<b><u>\$ 1,880,523</u></b>	<b><u>\$ 4,295,808</u></b>

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

American Bible Society

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

1. The Organization

In 1816, the 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. The Society is dedicated to serving all Christian denominations. Today, 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."

The activities of the Society are designed to fulfill this mission and include a diverse portfolio of outreach projects and Scripture engagement tools. These activities include:

- Championing the life-changing power of the Holy Scriptures for every generation in every culture;
- Providing translations for those who do not have the Bible in their heart language in a way that is true to the original language of the text;
- Working in partnership with other Christian organizations that adhere to the established best practices of a given relief area;
- Producing targeted Scripture engagement tools for people across the United States;
- Utilizing appropriate media to link young people with the truths of Scripture that lead to new discovery and avoidance of dangerous life choices;
- Partnering with the U.S. military to provide Scripture to servicemen and women, veterans and their families; and,
- Working within a close fellowship with the United Bible Societies ("UBS"), a worldwide network of 145 national Bible Societies in over 200 countries. This fellowship distributed more than 382 million Scriptures to people around the globe.

During the year ended June 30, 2009, the Society's programming and ministry partnerships reached over 5.1 million people around the world – a 45% increase from the 3.5 million reached in 2008. For the Society, this is a key priority, sharing the good news of the Bible with those who need it most.

The Society's Eugene Nida Institute for Biblical Scholarship, ("NIDA"), which is responsible for the Contemporary English Version and Good News Translation, works with UBS partners and others to provide Scripture in hundreds of languages and non-print formats. NIDA secures the fidelity and integrity of all Society scripture publications and Bible engagement tools.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE A (continued)

Bibles.com, a distribution and sales unit, helps customize and provide Society Scripture and Bible resources for churches, ministries, and individuals.

Global Scripture Impact, a global research team, provides in-depth due diligence for the specific life-change of each Society project.

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 which is not a private foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The Society classifies its unrestricted net assets as follows:

Undesignated - Net assets which are available for the general use and operating activities of the Society.

Designated for specific operating purposes - Net assets that are designated by the Society for specific operating purposes.

Funds functioning as endowment - Net assets functioning as endowment, the income from which will be used to provide for future operations. The Society's Board of Trustees annually approves the level of investment return to be appropriated for operations (see Note D).

Land, building, and equipment - Net assets relating to fixed assets that are used in the operations of the Society.

Temporarily restricted - Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE B (continued)

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

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

2. 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 and expenses during the reporting period, the most significant of which 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 of buildings and equipment, obligations under split-interest agreements, and the fair value of certain financial instruments, particularly alternative investments, and other assets and liabilities. Actual results could differ from those estimates.

3. 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 in the accompanying statements of financial position. At June 30, 2009, the Society's cash and cash equivalents were classified as Level I within the fair value hierarchy of SFAS No. 157 (see Note D).

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE B (continued)

4. 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 beneficiaries. Under the 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 in the accompanying financial statements. The discount rate used to value split-interest agreements was 6% at June 30, 2009 and 2008.

At June 30, 2009, the Society's annuities payable were classified as Level III within the fair value hierarchy of SFAS No. 157 (see Note D).

The following table summarizes the changes in the Society's Level III annuities payable balances for the year ended June 30, 2009:

	Charitable Remainder Trusts	Annuity Agreement	Life Income Fund
Balance at June 30, 2008	\$ 5,809,784	\$ 29,807,506	\$ 6,334,438
Proceeds of new split-interest agreements and other	-	1,002,422	(1,746)
Change in value of split-interest agreements	(1,104,807)	2,041,008	(768,379)
Payments to third party beneficiaries under split-interest agreements	(614,225)	(4,551,545)	(589,740)
Investment income on split-interest agreements held for others	<u>578,601</u>	<u>54,586</u>	<u>553,743</u>
Balance at June 30, 2009	<u>\$ 4,669,353</u>	<u>\$ 28,353,977</u>	<u>\$ 5,528,316</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE B (continued)

5. Building Equipment, and Depreciation

The Society's headquarters building and improvements are being depreciated over their estimated useful lives of 40 years. Furniture and equipment acquired for greater than \$5,000 and with useful lives greater than one year are capitalized and depreciated over their estimated useful lives, ranging from three to ten years. Depreciation is calculated using the straight-line method. Leasehold improvements acquired 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 asset or the lease period.

6. Library Collection

The Society maintains a rare scripture collection held for exhibition, education and research which 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 \$12 million. Purchases of collections are recorded as decreases in unrestricted net assets in the year in which the items are acquired.

7. 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 for those pledges received during fiscal 2009). 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, 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.

8. Scripture Sales and Accounts Receivable

Scripture sales, net of discounts and return allowances, are recorded when shipped and title passes to customers.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE B (continued)

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 annual review of account balances, including age of the balance and historical collection experience.

9. 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. 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 in 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 beneficiaries (see Note D).

10. 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 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.

11. Conditional Asset Retirement Obligation

In accordance with Financial Accounting Standards Board ("FASB") Statement No. 143, "Accounting for Asset Retirement Obligations," and its interpretation, FIN No. 47, "Accounting for Conditional Asset Retirement Obligations," the Society has recognized a liability associated with the eventual abatement of asbestos located in its headquarters building which at June 30, 2009 and 2008 totaled \$364,536 and \$348,377, respectively. For the years ended June 30, 2009 and 2008, the accretion of interest related to this obligation totaled \$16,162 and \$15,341, respectively.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE B (continued)

12. Income Taxes

In July 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement 109." FIN 48, which clarifies FASB Statement No. 109, establishes the criterion that an individual tax position has to meet for some or all the benefits of that position to be recognized in an entity's financial statements. The cumulative effect of applying FIN 48 will be reported as an adjustment to net assets at the beginning of the period in which it is adopted, if an adjustment is concluded to be necessary. FSP FIN-48-3 deferred the effective date of adopting FIN 48 for non-public entities until fiscal years beginning after December 15, 2008. As a non-public entity, the Society has elected to defer the adoption of FIN 48 and is currently assessing the impact, if any, FIN 48 will have on its financial statements. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to assess other matters that may be considered tax positions. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

13. Reclassifications

Amounts recognized as legacies in the 2008 statement of activities were re-classified and included as part of operating activities in order to conform to the 2009 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2008 financial statements.

NOTE C - INVENTORIES, NET

Inventories are valued at the lower of cost or market under the last-in, first-out method, less an appropriate reserve for slow-moving or obsolete items. Inventories at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Finished scripture products held for sale	\$ 6,063,909	\$ 7,452,837
Work in process and raw materials	<u>447,796</u>	<u>109,300</u>
	6,511,705	7,562,137
Less: Inventory reserve	<u>(1,268,956)</u>	<u>(554,794)</u>
	<u>\$ 5,242,749</u>	<u>\$ 7,007,343</u>
Components of gross margin were:		
Scripture sales	\$ 8,160,344	\$ 9,076,931
Less: cost of goods sold	<u>(5,514,174)</u>	<u>(5,461,831)</u>
Gross margin	<u>\$ 2,646,170</u>	<u>\$ 3,615,100</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE D - INVESTMENTS

Investments, at fair value, at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Cash and cash equivalents	\$ 18,578,043	\$ 30,764,345
Payable for securities purchased	(893,666)	(7,061,969)
Equities	198,386,221	246,790,214
Fixed income	92,479,514	111,487,118
Private equity	17,869,648	19,179,916
Real assets	27,164,390	34,791,006
Absolute return	<u>71,021,980</u>	<u>75,203,804</u>
	424,606,130	511,154,434
Collateral received under securities loan agreement - cash and government securities	<u>44,232,738</u>	<u>80,139,209</u>
	<u>\$ 468,838,868</u>	<u>\$ 591,293,643</u>

The cost of the investments, excluding collateral received under securities loan agreement, totaled \$435,708,875 and \$457,725,821 at June 30, 2009 and 2008, respectively. Included in investments at June 30, 2009 and 2008 is \$11,823,272 and \$12,323,463, respectively, held under trusts where the Society acts as trustee, as stipulated by the donor. Life income agreements of \$13,365,318 and \$13,484,513 at June 30, 2009 and 2008, respectively, are also included in investments.

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 or securities as collateral in amounts at least equal to the fair value of the securities loaned. 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, 2009 and 2008 is presented as investments and payable under securities loan agreement in the accompanying statements of financial position. At June 30, 2009, the collateral the Society received under this arrangement was classified as Level II within the fair value hierarchy of SFAS No. 157, as defined below.

The Society has committed to investing an additional \$16,796,028 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

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), which is effective for the Society's fiscal year beginning July 1, 2008. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The new standard provides a consistent

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE D (continued)

definition of 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 an asset or liability as of the measurement date.

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

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Society, and any mutual funds or commingled funds that have a daily NAV, and exclude listed equities and other securities held indirectly through commingled funds.

Level II – 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.

Level III – 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. Investments that are included in this category generally include privately held investments and limited partnership interests.

The following table prioritizes the inputs used to report the fair value of the Society's investments within the SFAS No. 157 hierarchy levels as of June 30, 2009:

	Cash /Equiv. & Payables	Equities	Fixed Income	Alternative Assets			Total
				Private Equity	Real Assets	Absolute Return	
Level I	\$ 17,401,632	\$ 109,489,578	\$ -	\$ -	\$ -	\$ -	\$ 126,891,210
Level II	282,745	35,489,302	92,479,398	-	6,006,364	-	134,257,809
Level III	-	53,407,341	116	17,869,648	21,158,026	71,021,980	163,457,111
Total	<u>\$ 17,684,377</u>	<u>\$ 198,386,221</u>	<u>\$ 92,479,514</u>	<u>\$ 17,869,648</u>	<u>\$ 27,164,390</u>	<u>\$ 71,021,980</u>	<u>\$ 424,606,130</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE D (continued)

The following table summarizes the changes in the Society's Level III investments for the year ended June 30, 2009:

Balance at June 30, 2008	\$ 178,588,223
Total net realized loss	(2,344,355)
Total net unrealized depreciation	(23,074,106)
Purchases of investments	44,845,111
Proceeds from sales, redemptions, and distributions	<u>(34,557,762)</u>
Balance at June 30, 2009	<u>\$ 163,457,111</u>

The Society's investments are managed to achieve the maximum long-term total return based upon investment guidelines established by the Society's Board of Trustees. The Society's Board of Trustees annually approves the level of investment return to be appropriated for operations based upon the University Model. Amounts approved were \$23,198,275 and \$23,000,000 for 2009 and 2008, respectively. In addition, the Society's Board of Trustees also approved the use of \$16,524,242 and \$13,734,905 in 2009 and 2008, respectively, of investment return to be used to fund certain other operating costs, principally additional program expenses, pension expense, fixed asset purchases, and for fiscal 2008 the funding of internal capital costs. The annual spending rate, subject to Board approval, was 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 market value of the investment pool multiplied by 5%.

The components of investment loss for the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
	<u>          </u>	<u>          </u>
Interest and dividends	\$ 9,873,740	\$ 15,307,818
Unrealized depreciation in fair value of investments	(61,787,420)	(81,348,751)
Unrealized (depreciation) appreciation in fair value of investment in third-party trusts	(4,106,235)	231,618
Realized (losses) gains	(11,746,581)	51,178,827
Investment expenses	<u>(1,471,537)</u>	<u>(1,687,742)</u>
Investment loss, net	(69,238,033)	(16,318,230)
Amounts appropriated for program services	(23,198,275)	(23,000,000)
Amounts appropriated for specific operating purposes	<u>(16,524,242)</u>	<u>(13,734,905)</u>
Total investment return appropriated for operations	<u>(39,722,517)</u>	<u>(36,734,905)</u>
Investment loss, net of amounts appropriated for operations	<u>\$ (108,960,550)</u>	<u>\$ (53,053,135)</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE E - TRANSACTIONS WITH FELLOWSHIP AND AFFILIATED ORGANIZATIONS AND GRANTS PAYABLE

The Society provides major financial support to UBS and also supports member Bible Societies and programs designated by the Fellowship. During fiscal 2009 and 2008, this support amounted to \$7,110,000 and \$10,500,000, respectively.

During fiscal 2002, the Society pledged to match all funds raised by UBS for the Opportunity 21 campaign. As of June 30, 2008 there was a balance due of \$500,000. During fiscal 2009, all amounts owed under this matching program were satisfied.

As of June 30, 2009, the Society has recognized a grants payable to Faith Comes by Hearing in the amount of \$4,164,947, which is expected to be fulfilled during fiscal 2010.

During fiscal 2006, due to the uncertainty associated with repayment, the Society agreed to convert its 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, 2009 and 2008, the receivable, which has been fully reserved for, totaled \$1,259,503 and \$1,393,213, respectively.

The Society provides major financial support and “in-kind” services to the Museum of Biblical Art (“MOBIA”). During fiscal 2009 and 2008, this support amounted to \$1,976,798 and \$1,742,443, 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 market value of \$16,108,538 and \$30,811,051 at June 30, 2009 and 2008, respectively.

At June 30, 2009, the Society’s beneficial interest in investments held by third-party trustees was classified as Level III within the fair value hierarchy of SFAS No. 157.

The following table summarizes the changes in the Society’s Level III beneficial interest in investments held by third-party trustees for the year ended June 30, 2009:

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE F (continued)

	Third Party Trusts
Balance at June 30, 2008	\$ 30,811,051
Distribution of trust assets	(11,796,763)
Change in value due to actuarial valuations	1,196,485
Unrealized depreciation in fair value of third-party trusts	(4,106,235)
Other	<u>4,000</u>
Balance at June 30, 2009	<u>\$ 16,108,538</u>

NOTE G - LAND, BUILDING, AND EQUIPMENT, NET

Land, building, and equipment are carried at cost less accumulated depreciation and consisted of the following at June 30, 2009 and 2008:

	2009	2008
Building and building improvements	\$ 33,107,787	\$ 32,744,687
Furniture, machinery, and equipment	38,970,334	37,407,533
Leasehold improvements	<u>395,084</u>	<u>395,084</u>
	72,078,121	70,547,304
Less: Accumulated depreciation	<u>(57,006,536)</u>	<u>(52,222,676)</u>
	15,071,585	18,324,628
Land	<u>25,000</u>	<u>25,000</u>
	<u>\$ 15,096,585</u>	<u>\$ 18,349,628</u>

NOTE H - NET ASSETS

The Society's Board of Trustees has designated certain unrestricted net assets for specific operating purposes as follows at June 30, 2009 and 2008:

	2009	2008
Employee pension benefits	\$ 15,652,504	\$ 19,961,048
Distribution overseas	869,093	869,093
Distribution USA	9,219,142	4,845,302
Contingency funding for programs	<u>353,312</u>	<u>853,312</u>
	<u>\$ 26,094,051</u>	<u>\$ 26,528,755</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE H (continued)

In addition, the Society's Board of Trustees has designated certain unrestricted net assets to function as an endowment (quasi-endowment). The investment return generated from these assets is used to fund operating expenses as approved by the Board of Trustees. Investment return in excess of the approved amounts is used to maintain the purchasing power of the investments and to help ensure resources for future needs, ministries, and opportunities.

Temporarily restricted net assets at June 30, 2009 and 2008 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Life income agreements	\$ 9,393,441	\$ 9,555,977
Trust agreements	11,476,601	23,489,021
Geographically focused and other programs	<u>1,968,184</u>	<u>2,110,773</u>
	<u>\$ 22,838,226</u>	<u>\$ 35,155,771</u>

Permanently restricted net assets of the Society are restricted to investment in perpetuity, the income from which is expendable for the following purposes:

	<u>2009</u>	<u>2008</u>
Distribution USA	\$ 5,262,570	\$ 5,096,360
Distribution overseas	2,040,408	2,191,354
General support	<u>24,600,710</u>	<u>28,696,946</u>
	<u>\$ 31,903,688</u>	<u>\$ 35,984,660</u>

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 \$1,538,000 and \$1,458,000 in 2009 and 2008, respectively, to the plan. Contributions are based on a percentage of each eligible employee's compensation.

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 benefits to participants based upon date of hire and years of service.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE I (continued)

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Funded status as of June 30, 2009 and 2008:		
Accumulated Postretirement Benefit Obligation ("APBO"):		
Current retirees	\$ (33,345,902)	\$ (29,484,493)
Actives	<u>(5,077,470)</u>	<u>(7,461,716)</u>
Total	<u>\$ (38,423,372)</u>	<u>\$ (36,946,209)</u>
Unfunded status	\$ (38,423,372)	\$ (36,946,209)
Unrecognized items:		
Prior service credit	(74,476)	(103,990)
Actuarial losses	<u>8,760,310</u>	<u>9,426,078</u>
Accrued postretirement benefit cost	<u>\$ (29,737,538)</u>	<u>\$ (27,624,121)</u>

Amounts recognized in unrestricted net assets as of June 30<sup>th</sup> consisted of:

Prior service credit	\$ (74,476)	\$ (103,990)
Actuarial losses	<u>8,760,310</u>	<u>9,426,078</u>
	<u>\$ 8,685,834</u>	<u>\$ 9,322,088</u>

Components of net periodic benefit cost for the years ended June 30, 2009 and 2008 are as follows:

Service costs	\$ 376,235	\$ 401,343
Interest cost	2,328,090	2,149,168
Amortization of:		
Prior service cost	(15,748)	(15,748)
(Gains)/ losses	<u>464,454</u>	<u>316,017</u>
Net periodic postretirement benefit cost	<u>\$ 3,153,031</u>	<u>\$ 2,850,780</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE I (continued)

Other changes in benefit obligations recognized in unrestricted net assets for the years ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Net actuarial (loss) gain	\$ (201,314)	\$ 2,357,985
Amortization of net gain	(464,454)	(316,017)
Amortization of prior service cost	<u>15,748</u>	<u>15,748</u>
Total changes recognized in unrestricted assets	<u>\$ (650,020)</u>	<u>\$ 2,057,716</u>
Total changes recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 2,503,011</u>	<u>\$ 4,908,496</u>

The estimated net loss that will be amortized from unrestricted net assets into net periodic benefit cost during fiscal 2010 will be \$464,454.

Assumptions

	<u>2009</u>	<u>2008</u>
Weighted-average assumptions used to determine benefit obligations at June 30:		
Discount rate	6.50%	6.50%
Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30:		
Discount rate	6.50%	6.50%
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	9.50%	9.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2016	2013
Rate of increase in the per capita cost of covered dental benefits	5.00%	5.00%

Contributions

The Society expects to contribute \$2,631,506 to its postretirement benefit plan during the year ending June 30, 2010.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE I (continued)

Estimated Future Benefit Payments

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

2010	\$ 2,631,506
2011	2,682,936
2012	2,710,630
2013	2,784,102
2014	2,839,162
2015 - 2019	14,464,453

NOTE J - AMOUNTS HELD FOR UNITED BIBLE SOCIETIES AND OTHERS

Amounts held for UBS and others consisted of the following at June 30, 2009 and 2008:

	2009	2008
Sung fund for UBS	\$ 17,274,664	\$ 20,719,143
Trust funds and others	<u>382,408</u>	<u>1,212,541</u>
	<u>\$ 17,657,072</u>	<u>\$ 21,931,684</u>

The following table prioritizes the inputs used to report the fair value of the Sung fund investments within the SFAS No. 157 hierarchy levels as of June 30, 2009:

	Cash /Equiv.	Equities	Fixed Income	Alternative Assets			Total
				Private Equity	Real Assets	Absolute Return	
Level I	\$ 1,141,390	\$ 4,297,856	\$ -	\$ -	\$ -	\$ -	\$ 5,439,246
Level II	-	1,692,851	2,441,519	-	286,505	-	4,420,875
Level III	-	<u>2,547,547</u>	-	<u>852,388</u>	<u>1,009,245</u>	<u>3,387,771</u>	<u>7,796,951</u>
Total	<u>\$ 1,141,390</u>	<u>\$ 8,538,254</u>	<u>\$ 2,441,519</u>	<u>\$ 852,388</u>	<u>\$ 1,295,750</u>	<u>\$ 3,387,771</u>	<u>\$ 17,657,072</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE K - COMMITMENTS AND CONTINGENCIES

Rental Income

Total future minimum rental income under noncancelable operating leases for leased space in the Society's headquarters building at June 30, 2009 is as follows:

Year ending June 30:	
2010	\$ 2,732,786
2011	2,804,944
2012	2,879,198
2013	<u>2,105,616</u>
	<u>\$ 10,522,544</u>

Rental income on facilities leased for the years ended June 30, 2009 and 2008 totaled \$3,069,001 and \$2,639,236, respectively.

Rental Expense

Total future minimum rental expense under noncancelable operating leases for facilities and equipment at June 30, 2009 is as follows:

Year ending June 30:	Facilities	Equipment
2010	\$ 419,772	\$ 62,573
2011	342,235	52,678
2012	244,229	942
2013	252,280	-
2014 and thereafter	<u>371,040</u>	<u>-</u>
	<u>\$ 1,629,556</u>	<u>\$ 116,193</u>

Office rent expense for the years ended June 30, 2009 and 2008 totaled \$409,673 and \$503,499, respectively. Equipment rent expense for the years ended June 30, 2009 and 2008 totaled \$60,783 and \$64,467, respectively.

Contingencies

In the normal course of its operations, the Society is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Society is not aware of any claims or contingencies that would have a material adverse effect on the Society's financial position, changes in net assets or cash flows.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE L - EXPENSES AND OTHER CHARGES

During the years ended June 30, 2009 and 2008, the Society incurred joint costs of \$9,414,899 and \$14,572,319, respectively, for informational materials and activities that included development appeals. Of those costs \$5,458,293 and \$7,687,073, respectively, were allocated to development, \$3,956,606 and \$6,617,761, respectively, were allocated to program services - Distribution USA, and \$0 and \$267,485, respectively, were allocated to administration.

NOTE M - ENDOWMENT

During the year ended June 30, 2009, the Society adopted FASB Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations." The Society's endowment consists of approximately 640 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 Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Society's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 18,280,225	\$ 18,280,225
Board-designated endowment funds	<u>260,349,624</u>	<u>-</u>	<u>260,349,624</u>
Total funds	<u>\$ 260,349,624</u>	<u>\$ 18,280,225</u>	<u>\$ 278,629,849</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2008:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 18,254,961	\$ 18,254,961
Board-designated endowment funds	<u>346,049,375</u>	<u>-</u>	<u>346,049,375</u>
Total funds	<u>\$ 346,049,375</u>	<u>\$ 18,254,961</u>	<u>\$ 364,304,336</u>

Excluded from permanently restricted net assets from the tables above at June 30, 2009 and 2008 are \$13,623,463 and \$17,729,699 of perpetual trusts held by third-parties.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2009 and 2008

NOTE M (continued)

The following table summarizes the changes in endowment net assets for the year ended June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 346,049,375	\$ 18,254,961	\$ 364,304,336
Contributions, net of amounts transferred to operations*	4,106,324	25,264	4,131,588
Interest and dividends	8,030,685	-	8,030,685
Unrealized depreciation in fair value of investments	(56,005,946)	-	(56,005,946)
Realized losses	(10,904,603)	-	(10,904,603)
Investment expenses	(1,344,041)	-	(1,344,041)
Other income, primarily royalties	138,975	-	138,975
Amounts transferred to quasi-endowment	12,100,000	-	12,100,000
Net change in value of split-interest agreements	(2,098,628)	-	(2,098,628)
Amounts appropriated for program services	(23,198,275)	-	(23,198,275)
Amounts appropriated for specific operating services	(16,524,242)	-	(16,524,242)
Endowment net assets, end of year	<u>\$ 260,349,624</u>	<u>\$ 18,280,225</u>	<u>\$ 278,629,849</u>

The following table summarizes the changes in endowment net assets for the year ended June 30, 2008:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 402,694,414	\$ 18,240,181	\$ 420,934,595
Contributions, net of amounts transferred to operations*	(2,991,314)	14,780	(2,976,534)
Interest and dividends	14,317,931	-	14,317,931
Unrealized depreciation in fair value of investments	(75,537,620)	-	(75,537,620)
Realized gains	48,453,577	-	48,453,577
Investment expenses	(1,563,429)	-	(1,563,429)
Other income, primarily royalties	215,410	-	215,410
Net change in value of split-interest agreements	(2,804,689)	-	(2,804,689)
Amounts appropriated for program services	(23,000,000)	-	(23,000,000)
Amounts appropriated for specific operating purposes	(13,734,905)	-	(13,734,905)
Endowment net assets, end of year	<u>\$ 346,049,375</u>	<u>\$ 18,254,961</u>	<u>\$ 364,304,336</u>

\*The Society reports legacies received as increases in unrestricted net assets unless use of the related assets is limited by explicit donor-imposed restrictions (i.e., temporarily or permanently restricted). Because of the variability of this revenue, the application of such funds to support operations is budgeted at an amount approved by the Board of Trustees annually. The excess or deficiency 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, 2009 and 2008

NOTE M (continued)

The Society has adopted investment and spending policies for 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.

NOTE N - SUBSEQUENT EVENTS

In May 2009, the FASB issued Statement No. 165, "Subsequent Events" ("SFAS No. 165"), to incorporate the accounting and disclosure requirements for subsequent events into U.S. generally accepted accounting principles. SFAS No. 165 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of financial position date. The Society adopted SFAS No. 165 as of June 30, 2009, which was the required effective date.

The Society evaluated its June 30, 2009 financial statements for subsequent events through December 15, 2009, the date the financial statements were available to be issued. The Society is not aware of any subsequent events which would require recognition or disclosure in the financial statements.