



## American Bible Society

### Consolidated Financial Statements and Supplemental Schedules Years Ended June 30, 2023 and 2022

# **American Bible Society**

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Consolidated Financial Statements and  
Supplemental Schedules  
Years Ended June 30, 2023 and 2022

# American Bible Society

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## **Independent Auditor's Report**

The Board of Directors  
**American Bible Society**  
Philadelphia, Pennsylvania

### ***Opinion***

We have audited the consolidated financial statements of the **American Bible Society** (the Society), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying 2023 consolidated financial statements present fairly, in all material respects, the financial position of the Society as of June 30, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The 2022 consolidated financial statements of the Society were audited by other auditors, whose report dated March 3, 2023 expressed an unmodified opinion on those consolidated financial statements.

### ***Emphasis of Matter - Change in Accounting Principle - Leases***

As discussed in Note 2 to the consolidated financial statements, effective July 1, 2022, the Society adopted amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control



relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BDO USA, P.C.*

McLean, Virginia  
May 14, 2024

## **Consolidated Financial Statements**

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# American Bible Society

## Consolidated Statements of Financial Position

<i>June 30,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,113,638	\$ 10,721,324
Accounts receivables, net of allowance of \$5,019 in 2023 and \$2,252 in 2022	751,860	758,217
Other receivables, net of allowance of \$146,854 in 2023 and \$146,854 in 2022	1,803,753	5,819,209
Inventories, net	12,058,370	6,083,505
Prepaid expenses and other assets	1,455,882	3,587,288
Investments	669,605,823	664,797,579
Beneficial interest in investments held by third-party trustees	27,629,600	25,904,575
Right-of-use assets - operating leases	44,801,800	-
Fixed assets, net	55,829,493	61,695,716
<b>Total assets</b>	<b>\$ 821,050,219</b>	<b>\$ 779,367,413</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 15,921,612	\$ 10,955,616
Payable under securities loan agreement	505,038	3,125,815
Deferred allowance from lease activity	-	16,657,759
Obligations under charitable remainder trusts	8,808,933	7,154,719
Annuities payable	17,091,238	18,364,070
Deferred revenue under life income agreements	4,391,776	4,534,332
Lease liabilities - operating leases	66,370,056	-
Accrued postretirement benefits	18,607,834	28,215,541
<b>Total liabilities</b>	<b>131,696,487</b>	<b>89,007,852</b>
<b>Commitments and Contingencies</b>		
<b>Net assets</b>		
Without donor restrictions	576,434,830	582,424,975
With donor restrictions	112,918,902	107,934,586
<b>Total net assets</b>	<b>689,353,732</b>	<b>690,359,561</b>
<b>Total liabilities and net assets</b>	<b>\$ 821,050,219</b>	<b>\$ 779,367,413</b>

*See accompanying notes to consolidated financial statements.*

# American Bible Society

## Consolidated Statement of Activities and Change in Net Assets

<i>Year Ended June 30, 2023</i>	Without donor Restrictions	With donor Restrictions	Total
<b>Operating activities</b>			
Operating revenues and support			
Contributions	\$ 15,573,047	\$ 21,284,297	\$ 36,857,344
Legacies	6,817,130	-	6,817,130
Scripture sales	5,638,618	-	5,638,618
Other	3,011,953	-	3,011,953
Net assets released from restrictions	22,233,981	(22,233,981)	-
<b>Total operating revenues and support</b>	<b>53,274,729</b>	<b>(949,684)</b>	<b>52,325,045</b>
Operating expenses			
Program services			
Scripture engagement and distribution:			
National ministries	43,901,916	-	43,901,916
International ministries	37,900,337	-	37,900,337
<b>Total program services</b>	<b>81,802,253</b>	<b>-</b>	<b>81,802,253</b>
Supporting services			
Administration	9,596,010	-	9,596,010
Development	13,519,208	-	13,519,208
<b>Total supporting services</b>	<b>23,115,218</b>	<b>-</b>	<b>23,115,218</b>
<b>Total operating expenses</b>	<b>104,917,471</b>	<b>-</b>	<b>104,917,471</b>
Changes in net assets from operating activities			
before investment return appropriated for operations	(51,642,742)	(949,684)	(52,592,426)
Investment return appropriated for operations	31,495,838	-	31,495,838
<b>Changes in net assets from operating activities</b>	<b>(20,146,904)</b>	<b>(949,684)</b>	<b>(21,096,588)</b>
<b>Nonoperating activities</b>			
Investment gains, net of amounts appropriated			
for operations and capital	5,751,658	3,260,393	9,012,051
Appreciation in fair value of			
third-party trusts	-	1,734,151	1,734,151
Change in value of split-interest agreements	(425,465)	939,456	513,991
Pension-related activity other than net periodic			
pension expense	8,830,566	-	8,830,566
<b>Changes in net assets from nonoperating activities</b>	<b>14,156,759</b>	<b>5,934,000</b>	<b>20,090,759</b>
<b>Change in net assets</b>	<b>(5,990,145)</b>	<b>4,984,316</b>	<b>(1,005,829)</b>
<b>Net assets, beginning of year</b>	<b>582,424,975</b>	<b>107,934,586</b>	<b>690,359,561</b>
<b>Net assets, end of year</b>	<b>\$ 576,434,830</b>	<b>\$ 112,918,902</b>	<b>\$ 689,353,732</b>

*See accompanying notes to consolidated financial statements.*



# American Bible Society

## Consolidated Statement of Activities and Change in Net Assets

<i>Year Ended June 30, 2022</i>	Without donor Restrictions	With donor Restrictions	Total
<b>Operating activities</b>			
Operating revenues and support			
Contributions	\$ 25,814,474	\$ 22,194,886	\$ 48,009,360
Legacies	12,854,408	-	12,854,408
Scripture sales	4,018,130	-	4,018,130
Other	3,705,264	-	3,705,264
Net assets released from restrictions	20,293,884	(20,293,884)	-
<b>Total operating revenues and support</b>	<b>66,686,160</b>	<b>1,901,002</b>	<b>68,587,162</b>
<b>Operating expenses</b>			
Program services			
Scripture engagement and distribution:			
National ministries	34,177,658	-	34,177,658
International ministries	42,777,775	-	42,777,775
<b>Total program services</b>	<b>76,955,433</b>	<b>-</b>	<b>76,955,433</b>
Supporting services			
Administration	7,822,087	-	7,822,087
Development	14,799,187	-	14,799,187
<b>Total supporting services</b>	<b>22,621,274</b>	<b>-</b>	<b>22,621,274</b>
<b>Total operating expenses</b>	<b>99,576,707</b>	<b>-</b>	<b>99,576,707</b>
Changes in net assets from operating activities			
before investment return appropriated for operations	(32,890,547)	1,901,002	(30,989,545)
Investment return appropriated for operations	28,811,919	-	28,811,919
<b>Changes in net assets from operating activities</b>	<b>(4,078,628)</b>	<b>1,901,002</b>	<b>(2,177,626)</b>
<b>Nonoperating activities</b>			
Investment losses, net of amounts appropriated			
for operations and capital	(72,596,662)	(7,433,210)	(80,029,872)
Depreciation in fair value of			
third-party trusts	-	(3,936,407)	(3,936,407)
Change in value of split-interest agreements	(1,149,525)	2,081,118	931,593
Pension-related activity other than net periodic			
pension expense	6,383,920	-	6,383,920
<b>Changes in net assets from nonoperating activities</b>	<b>(67,362,267)</b>	<b>(9,288,499)</b>	<b>(76,650,766)</b>
<b>Change in net assets</b>	<b>(71,440,895)</b>	<b>(7,387,497)</b>	<b>(78,828,392)</b>
<b>Net assets, beginning of year</b>	<b>653,865,870</b>	<b>115,322,083</b>	<b>769,187,953</b>
<b>Net assets, end of year</b>	<b>\$ 582,424,975</b>	<b>\$ 107,934,586</b>	<b>\$ 690,359,561</b>

*See accompanying notes to consolidated financial statements.*

**American Bible Society**  
**Consolidated Statement of Functional Expenses**

<i>Year Ended June 30, 2023</i>	Program Services			Supporting Services			
	National Ministries	International Ministries	Total	Administration	Development	Total	Total
Bible ministry grants	\$ 3,128,962	\$ 16,004,221	\$ 19,133,183	\$ 158,317	\$ 98,883	\$ 257,200	\$ 19,390,383
Scripture-based conventions and meetings	45,595	96,494	142,089	23,235	24,606	47,841	189,930
Cost of scripture and related materials sold	6,836,702	-	6,836,702	-	-	-	6,836,702
Printing, publications and promotions	2,446,580	1,811,436	4,258,016	2,775	2,487,516	2,490,291	6,748,307
Salaries and wages	6,065,215	6,962,677	13,027,892	3,522,603	3,415,174	6,937,777	19,965,669
Employee benefits	1,597,306	1,821,686	3,418,992	874,793	893,121	1,767,914	5,186,906
Relocation costs	4,942	6,452	11,394	14,608	1,754	16,362	27,756
Pension expense	465,409	568,080	1,033,489	267,460	275,627	543,087	1,576,576
Postretirement benefits	957,066	436,424	1,393,490	123,847	105,523	229,370	1,622,860
Professional fees	3,510,756	4,780,473	8,291,229	553,668	1,822,682	2,376,350	10,667,579
Postage and mailing	1,596,599	970,235	2,566,834	3,942	1,525,540	1,529,482	4,096,316
Depreciation and amortization	6,219,037	152,378	6,371,415	198,667	126,369	325,036	6,696,451
Travel and related costs	323,472	508,097	831,569	58,102	253,430	311,532	1,143,101
Data processing	1,311,218	361,019	1,672,237	76,861	473,827	550,688	2,222,925
Occupancy	6,637,090	2,145,458	8,782,548	2,379,940	1,440,355	3,820,295	12,602,843
Equipment, repairs and rentals	1,613,623	529,830	2,143,453	477,364	207,253	684,617	2,828,070
Telephone	44,370	64,048	108,418	26,477	31,815	58,292	166,710
Office supplies	169,465	36,407	205,872	13,993	30,159	44,152	250,024
Storage costs	337,200	5,383	342,583	8,001	3,751	11,752	354,335
Insurance	233,899	169,462	403,361	204,627	104,077	308,704	712,065
Memberships and subscriptions	63,645	114,699	178,344	22,029	61,512	83,541	261,885
Legal, tax and audit fees	203,324	245,238	448,562	511,313	64,255	575,568	1,024,130
Banking and compliance	66,597	60,803	127,400	52,299	66,085	118,384	245,784
Miscellaneous	23,844	49,337	73,181	21,089	5,894	26,983	100,164
	\$ 43,901,916	\$ 37,900,337	\$ 81,802,253	\$ 9,596,010	\$ 13,519,208	\$ 23,115,218	\$ 104,917,471

*See accompanying notes to consolidated financial statements.*

## American Bible Society

### Consolidated Statement of Functional Expenses

<i>Year Ended June 30, 2022</i>	Program Services			Supporting Services			
	National Ministries	International Ministries	Total	Administration	Development	Total	Total
Bible ministry grants	\$ 3,731,811	\$ 23,016,318	\$ 26,748,129	\$ -	\$ 12,444	\$ 12,444	\$ 26,760,573
Scripture-based conventions and meetings	52,119	49,500	101,619	12,570	47,288	59,858	161,477
Cost of scripture and related materials sold	2,741,035	-	2,741,035	-	-	-	2,741,035
Printing, publications and promotions	2,266,974	2,037,485	4,304,459	2,819	3,413,122	3,415,941	7,720,400
Salaries and wages	5,835,461	7,303,887	13,139,348	3,727,896	3,732,108	7,460,004	20,599,352
Employee benefits	1,848,040	2,299,671	4,147,711	1,168,239	1,188,905	2,357,144	6,504,855
Relocation costs	12,338	17,128	29,466	25,463	12,308	37,771	67,237
Pension expense	468,205	585,009	1,053,214	280,594	303,626	584,220	1,637,434
Postretirement benefits	973,078	447,238	1,420,316	127,085	112,677	239,762	1,660,078
Professional fees	3,045,105	2,676,705	5,721,810	657,195	1,972,173	2,629,368	8,351,178
Postage and mailing	1,554,194	962,368	2,516,562	5,643	1,646,794	1,652,437	4,168,999
Depreciation and amortization	6,063,428	162,869	6,226,297	211,090	138,016	349,106	6,575,403
Travel and related costs	220,027	340,303	560,330	43,025	240,939	283,964	844,294
Data processing	1,210,447	342,175	1,552,622	53,919	516,977	570,896	2,123,518
Occupancy	2,231,939	1,507,080	3,739,019	585,393	909,533	1,494,926	5,233,945
Equipment, repairs and rentals	1,070,410	438,743	1,509,153	400,267	163,709	563,976	2,073,129
Telephone	51,312	86,765	138,077	30,601	48,068	78,669	216,746
Office supplies	144,690	47,487	192,177	14,150	35,822	49,972	242,149
Storage costs	190,416	5,379	195,795	8,373	3,496	11,869	207,664
Insurance	214,449	157,130	371,579	188,259	97,789	286,048	657,627
Memberships and subscriptions	65,248	86,870	152,118	20,247	65,033	85,280	237,398
Legal, tax and audit fees	88,859	98,339	187,198	184,627	25,378	210,005	397,203
Banking and compliance	86,972	87,442	174,414	65,477	106,439	171,916	346,330
Miscellaneous	11,101	21,884	32,985	9,155	6,543	15,698	48,683
	<b>\$ 34,177,658</b>	<b>\$ 42,777,775</b>	<b>\$ 76,955,433</b>	<b>\$ 7,822,087</b>	<b>\$ 14,799,187</b>	<b>\$ 22,621,274</b>	<b>\$ 99,576,707</b>

*See accompanying notes to consolidated financial statements.*

# American Bible Society

## Consolidated Statements of Cash Flows

Years Ended June 30,	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,005,829)	\$ (78,828,392)
<b>Adjustments to reconcile changes in net assets to net cash used in operating activities:</b>		
Depreciation and amortization	6,696,451	6,575,403
Non-cash lease expense	149,778	-
Impairment loss on right-of-use assets - operating leases	7,050,383	-
Change in provision for obsolete and slow-moving inventory	2,745,925	(5,975)
Net unrealized and realized (appreciation) depreciation in fair value of investments	(32,259,888)	59,776,517
Net unrealized and realized (appreciation) depreciation in fair value of third-party trusts	(1,734,151)	3,936,407
<b>Changes in assets and liabilities:</b>		
<b>(Increase) decrease in:</b>		
Accounts, contributions, program loan and accrued interest receivables	4,021,813	(2,247,785)
Amounts held in escrow	-	(1,005,028)
Inventories, net	(8,720,790)	(317,406)
Prepaid expenses and other assets	(331,430)	356,722
Beneficial interest in investments held by third-party trustees, excluding split-interest agreements	(266,916)	1,438,869
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	2,450,457	(3,747,629)
Deferred allowances from leasing activity, net	-	26,398
Principal reduction in lease liabilities - operating leases	67,934	-
Accrued postretirement benefits	(9,607,707)	(6,901,257)
<b>Net cash used in operating activities</b>	<b>(30,743,970)</b>	<b>(20,943,156)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investment securities	562,007,240	417,869,935
Purchases of investment securities	(534,555,596)	(400,097,267)
Capital expenditures	(830,228)	(3,852,817)
<b>Net cash provided by investing activities</b>	<b>26,621,416</b>	<b>13,919,851</b>
<b>Cash flows from financing activities</b>		
Proceeds of new split-interest agreements in excess of contributions recognized	2,001,948	802,860
Endowment contribution	-	3,050
Change in value of split-interest agreements	(187,965)	(1,571,202)
Change in value of split-interest agreements held by third-party trustees	276,042	(640,428)
Payments to third-party beneficiaries under split-interest agreements	(3,020,067)	(3,504,367)
Investment income on split-interest agreements held for others	1,444,910	1,343,106
<b>Net cash provided by (used in) financing activities</b>	<b>514,868</b>	<b>(3,566,981)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,607,686)</b>	<b>(10,590,286)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>10,721,324</b>	<b>21,311,610</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,113,638</b>	<b>\$ 10,721,324</b>
<b>Supplemental disclosures:</b>		
Non-cash change in deferred rent and allowance	\$ 14,449,940	\$ -
Operating lease assets obtained in exchange for new operating lease liabilities upon adoption	\$ 68,167,971	\$ -

*See accompanying notes to consolidated financial statements.*

# American Bible Society

## Notes to Consolidated Financial Statements

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### 1. The Organization and Nature of Activities

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.”

The Society helps people experience God through the Bible. The Society translates and distributes the Bible to unreachable people around the world, helps people in crisis find restoration through Scripture, and advocates for the Bible’s message of hope in the United States of America. Through the church and a global network of Bible Societies, the Society carries God’s Word where it is needed most. The Society’s research and experience tell us the Bible makes us more generous, more compassionate, more loving toward our neighbors, and more hopeful about our future in Christ. 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.

#### *Mission objectives*

The Society’s mission since 1816 has been to help all people experience the life-changing message of God’s Word as follows:

#### *God’s Word for the Unreached*

The Society translates the Bible into every language, for every person. The Society is a leader and pioneer in the Bible translation movement, and has committed to a bold strategy to translate the Bible into every living language by 2033. This year the Society provided greater access to Scripture to 77 million people - reaching 102 language groups through Bible translation.

Because the Society believes the Bible is for all people, its translation ministry includes audio and video Bibles, sign language Bibles, braille Bibles, and Bible resources that contextualize the gospel message for diverse cultures and traditions around the world. The Society’s innovative translation framework allows it to accurately and efficiently translate first Bibles, study Bibles, and modern language Bibles for the next generation.

The Society also distributes the Bible with the aim of placing God’s Word into the hands and hearts of all people searching for truth. Since its founding, it has distributed more than 6.9 billion Bibles worldwide. Often, the Society’s Bible distribution ministry leads it to the frontlines of conflict, war, terrorism, natural disasters, and other humanitarian crises. The Society joyfully partners with local Bible Societies ministering in more than 240 countries and territories around the world to ensure efficient distribution through the local community. Bible Society partners are experts on their nations’ church cultures and help the Society respond to the real-time Scripture needs of local believers. In the past year, the Society has provided 16 million print and digital Bibles to waiting people around the world.

# American Bible Society

## Notes to Consolidated Financial Statements

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### *God's Word for People in Crisis*

The Bible restores broken hearts. The Society's Bible-based trauma healing ministry helps people in crisis find peace through the power of Scripture. First developed in the Democratic Republic of the Congo to help people rebuild in the aftermath of war and genocide, this ministry combines mental health best practices with the power of God's Word. By engaging with the Bible's healing words in safe, small group settings, people are guided to give their pain to Jesus and begin the journey to joy and restoration.

The Society's trauma healing resources address the many forms of trauma experienced by the world's people. These resources equip churches and agencies in serving populations suffering from conflict and war, survivors of disaster, people struggling with the aftermath of the COVID-19 pandemic, children and teens experiencing trauma, and members of the military community. Formats include small groups, online video courses, and print and digital documents. In addition, the Society shares free basic trauma healing resources to increase awareness in the church and equip believers to care for people in crisis.

Since 2012, this ministry has built a global community of trained facilitators who come alongside local communities of faith to serve people in crisis through Bible-based trauma healing. This year, more than 2,000 churches were equipped with trauma healing resources and training and more than 32,000 people completed a healing group.

### *God's Word for America*

Here in the United States, the Society advocates for the Bible as the living Word of God and the surest source of truth. The Society engages Americans with the Bible by providing resources and experiences that help people encounter and live out the truths of Scripture. The Society's daily devotionals, prayer guides, Bible stories, and teachings are uniquely contextualized to serve a beautifully diverse audience of believers and seekers.

The Society's Armed Services Ministry serves the nation's brave heroes by distributing the Word of God to U.S. military members, veterans, and their families. To date, the Society has shared more than 60 million Bibles within the military community. Through a growing network chaplains and church partners on the frontlines of military ministry, the Society provides military-specific Bible resources that equip military families in their service to our nation. In the past year, this ministry reached 435,000 people in the military community.

Just as the Bible's message of love should guide each of us in our personal lives and relationships, the Bible's call for justice should also inform every civic institution. We honor America's heritage of faith and freedom of expression. Through the Faith and Liberty Discovery Center, further described below, the Society celebrates and explores the Bible's role in inspiring the men and women who founded and reformed our great nation. The Society champions the Bible cause—connecting the timeless message of God's Word with ongoing conversations in the public sphere.

# American Bible Society

## Notes to Consolidated Financial Statements

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The accompanying consolidated financial statements include the activities of the following entity:

*Faith and Liberty Discovery Center (“FLDC”)*

The Society established the FLDC for the purposes of exploring the relationship between faith and liberty in the United States of America, from its founding to today, by illuminating the influence of the Bible on individuals in key historical and personal moments. The FLDC was established as a limited liability company on June 11, 2018 under the Limited Liability Company Act of the State of Delaware.

In connection with the construction and development of the FLDC, the Society extended a 3-year \$20 million letter of credit to the FLDC which bears interest at a rate of 3% per annum. In fiscal year 2024, the letter of credit will convert to a 5-year term loan, which will continue to bear interest at a rate of 3% per annum.

Effective April 1, 2024, due to its current financial performance, the Society made the decision to close the FLDC’s public facing operations. See Note 17 - Subsequent Events.

### **2. Summary of Significant Accounting Policies**

The significant accounting policies followed by the Society are described below.

#### ***Basis of accounting***

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Principles of consolidation***

The consolidated financial statements include the accounts of the Society and FLDC. All inter-organizational balances and transactions have been eliminated in consolidation.

#### ***Basis of presentation***

The Society follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) Topic 958 *Not-for-Profit Entities*. The Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### ***Measure of operations***

The consolidated statements of activities and change in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of items attributable to the Society’s ongoing program services. 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 Consolidated Financial Statements

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### *Use of estimates*

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. 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 consolidated statement of financial position.

### *Inventory*

Inventory consists primarily of finished scripture products held for sale and scripture resources for ministry use. 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.

### *Investments*

The Society reports investments at estimated fair value. Investment return reported in the consolidated statements of activities and changes in net assets is net of all external and direct internal investment management expenses. Interest and dividend income is accounted for on the accrual basis. Realized and unrealized gains and losses on investments, including changes in market value, are reported in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

Investments in equity securities with readily determinable fair values as well as investments in mutual and exchange-traded funds are reported at quoted market prices. Investments in debt securities are reported at estimated fair value based on quoted interest rates for securities of similar terms and risks.

Investments in hedge funds and private equity funds are reported at fair values as estimated by their respective investment managers, unless the investments report at net asset value (NAV), in which case the NAV is used as the basis for determining fair value which is an allowable practical expedient. The fund's NAV is provided by the fund's investment managers using a variety of methodologies relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded as well as other factors that lead to a determination of a fair value at a different amount. Because of the inherent uncertainty of valuation for these alternative investments or their underlying investments, values for those investments may differ from values that would have been used had a ready market for the investment existed. In all instances, the estimated fair values for these types of investments reflect the Society's interest in the fair values of the underlying investments.



# American Bible Society

## Notes to Consolidated Financial Statements

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Realized gains and losses from sales of investments are recognized on the trade date on a specific identification basis in the same manner as unrealized gains and losses. Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.

### ***Leases***

Leases arise from contractual obligations that convey the right to control the use of identified asset for a period of time in exchange for consideration. At the inception of the contract, the Society determines if an arrangement contains a lease based on whether there is an identified asset and whether the Society controls the use of the identified asset. The Society also determines whether the lease classification is an operating or finance lease at the commencement date based on prescribed accounting rules. The Society recorded a right-of-use asset and lease liability for its operating lease.

A right-of-use asset represents the Society's right to use an underlying asset and a lease liability represents the Society's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Society's leases was not readily determinable. As such, the Society measures its operating lease assets and liabilities using a risk-free rate of return at the commencement date based on the term of the lease at July 1, 2022 (the "Adoption Date") and for all new leases thereafter.

The Society's real estate operating lease typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Society has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

The Society's lease terms may include options to extend or terminate the lease. The Society generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Society will exercise those options. The Society's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Society has elected to exclude leases with terms of 12 months or less ("Short-Term") from the accompanying consolidated statements of financial position. The Society had no short-term leases as of June 30, 2023 and 2022.

### ***Fixed assets***

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 three to ten years. Software relates to developed internal software and is depreciated over five years. Exhibits related to the development and installation of exhibits software and hardware and is depreciated over five 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.

# American Bible Society

## Notes to Consolidated Financial Statements

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### ***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 \$15 million. Purchases of collections are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired.

### ***Impairment of long-lived assets***

The Society reviews the valuation of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. An impairment loss of \$7,050,383 was recognized with respect to the right of use lease asset in the accompanying consolidated statements of activities and change in net assets for the year ended June 30, 2023. See note 8 - lease commitments.

### ***Bible ministry grants payable***

The awarding of grants is reflected on the consolidated financial statements at the time they are approved by the Society and the respective grantee is notified and any stipulated barriers to entitlement are satisfied. 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 consolidated statements of financial position. As of June 30, 2023 and 2022, the Society had bible ministry grants payable of \$10,446,312 and \$6,851,005, 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 consolidated statement of activities and changes in net assets.

# American Bible Society

## Notes to Consolidated Financial Statements

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The discount rate utilized to value split-interest agreements remained constant at 6% at June 30, 2023 and 2022. The mortality table utilized to calculate the life expectancy of annuitants at June 30, 2023 and 2022 is the Individual Annuity Reserve (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 \$26,960,075 and \$26,631,161, at June 30, 2023 and 2022, respectively, and are in excess of all reserve requirements in all states that require such reserves.

### ***Net assets***

Net assets are classified into the two categories: net assets without donor restrictions and net assets with donor restrictions.

#### *Net assets without donor restrictions - undesignated*

Undesignated net assets without donor restrictions are those net assets that are not subject to donor-imposed stipulations or board designations.

#### *Net assets without donor restrictions - board designated*

The Society's board of directors has set aside a portion of net assets without donor restrictions as board designated fund assets and has implemented an investment policy that includes an annual discretionary transfer of amounts to undesignated net assets to support operations.

#### *Net assets with donor restrictions*

Net assets with donor restrictions generally result from net contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that either expire by passage of time or are fulfilled and the restriction removed by actions of the Society pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions. Donor contributions with restrictions that will be fulfilled in the same fiscal year that contributions are received are reported in the accompanying consolidated statements of activities and change in net assets as contributions without donor restrictions.

The Society also has net assets with donor restrictions that generally result from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Society. Generally, the donors of these assets permit the Society to use the income earned on related investments for general or specific purposes.

# American Bible Society

## Notes to Consolidated Financial Statements

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### *Revenue recognition*

#### *Contributions*

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributions received are considered available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

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, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Society is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

As of June 30, 2023 and 2022, the Society has no conditional promises to give.

#### *Legacies revenue*

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 legacy and bequests is recorded when the Society has an irrevocable right to the bequest and the proceeds are readily measurable.

#### *Other revenue*

Other revenue is primarily made up on royalties' income related to the Society's translations and publications. Royalty income is recognized when earned and amounted to \$2,325,125 and \$2,127,064 for the year ended June 30, 2023 and 2022, respectively.

#### *Scripture-sales and accounts receivables*

Scripture sales, net of discounts, are recorded when shipped, that is when title passes to customers. 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

# American Bible Society

## Notes to Consolidated Financial Statements

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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.

### ***Expenses***

Expenses are recognized during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

### ***Functional allocation of expenses***

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statement of activities and change in net assets and consolidated statement of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Certain categories of expenses that are attributable to one or more program or supporting functions of the organization are allocated.

The Society organizes its expenses based on their purpose and contribution to its mission, differentiating between program-related activities and support services. Additionally, it employs time studies to assess the portion of administrative staff's time dedicated to program services.

Following is a description of the Society's program and supporting services:

### ***Program services***

Program expenses are those costs generated in support of activities that directly advance the Society's mission. These are activities that result in goods and services being distributed to beneficiaries, customers or members that fulfill the purposes for which the organization exists. Program services are considered either national or international in nature.

National ministries provide services mainly to beneficiaries within the United States, while international ministries offer services primarily to those outside the United States.

### ***Supporting services***

Administrative expenses encompass costs related to activities essential for the organization's operations and overall mission, yet not directly tied to any specific program or fundraising effort. These include general management, oversight, recordkeeping, budgeting, finance, and other administrative tasks.

Development costs cover all the Society's fundraising activities.

### ***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

# American Bible Society

## Notes to Consolidated Financial Statements

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would have been reported on the accompanying consolidated 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.

### *Concentration of credit risk*

The Society's assets that are exposed to credit risk consist primarily of cash and cash equivalents; investments; and contributions, bequests, and other receivables. Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Society has historically not experienced losses related to these balances. Amounts on deposit in excess of federally insured limits approximate \$27.7 million at June 30, 2023. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the investment balances and the amounts reported in the consolidated statement of financial position. The Society's contributions, bequests and other receivables balance consists primarily of amounts due from individuals and corporations. Historically, the Society has not experienced significant losses related to the bequests and contributions receivable balances and, therefore, believes that the credit risk related to them is minimal.

### *Income taxes*

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. Therefore, the Society is generally not subject to tax under present income tax laws; however, any unrelated business income may be subject to federal and state income taxes. 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.

Certain of the Society's investments could give rise to unrelated business income tax ("UBIT") liabilities. The Society had no UBIT liability as of June 30, 2023 and 2022.

The Society has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Society has evaluated its uncertainty in income taxes for the years ended June 30, 2023 and 2022 respectively and determined that there were no matters that would require recognition in the consolidated financial statements, or which might have any effect on the Society's tax-exempt status. As of June 30, 2023 there are no audits for any tax periods pending or in progress. It is the Society's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense in the year it becomes known. The Society believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2020. However, there are currently no examinations pending or in progress regarding the Society's income tax returns.

# American Bible Society

## Notes to Consolidated Financial Statements

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### ***Recent accounting pronouncement adopted***

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, Topic 842). Topic 842 guidance is intended to increase transparency and comparability by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. This standard relates to leasing for both lessees and lessors and establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities and changes in net assets.

The Society adopted Topic 842 effective July 1, 2022, retrospectively with a cumulative-effect adjustment to the to the beginning of the period of adoption, under which it did not impact opening net asset balances as of July 1, 2022. For contracts existing at the time of adoption, the Society elected to apply the following practical expedients allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases. The Society also elected to apply the practical expedient to use hindsight in determining the lease term. The Society does not have any existing or expired land easements; therefore, this optional practice expedient was not elected.

The adoption of Topic 842 is reflected in the accompanying consolidated statements of financial position:

#### *July 1, 2022*

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#### Recognition of:

Operating lease right-of-use assets	\$	53,718,031
Operating lease liabilities	\$	68,167,971

#### Derecognition of:

Deferred allowance from lease activity	\$	16,912,775
Deferred lease costs	\$	(2,462,835)

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### ***Recent accounting authoritative guidance not yet adopted***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses* (ASC 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for fiscal years beginning after December 15, 2022. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The guidance is effective for the Society’s year ending June 30, 2024. Management is in the process of assessing the impact this standard will have on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In December 2022, the ASU was

# American Bible Society

## Notes to Consolidated Financial Statements

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modified by ASU 2022-06, *Reference Rate Reform: Deferral of the Sunset Date of Topic 848*. These ASUs provide temporary optional guidance to ease the potential burden in accounting for reference rate reform and is available to be adopted by the Society from March 12, 2020 through December 31, 2024. Management is in the process of assessing the impact this standard will have on the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to enhance the transparency and decision usefulness of income tax disclosures. Specifically, all entities are required to disclose additional information about income taxes paid, including income tax expense (net of refunds received) disaggregated by federal (national), state, and foreign taxes. The ASU is effective for annual periods beginning after December 15, 2025. Early adoption is permitted. Management is in the process of assessing the impact this standard will have on the consolidated financial statements.

### **Reclassification**

Certain items in the 2022 information have been reclassified to conform to the current year presentation. This relates to the reclassification in fiscal year 2022 of other receivables of \$5,819,209 from account receivables. This reclassification had no effect on the previously reported net assets or change in net assets.

Additionally, reclassifications to the categorization of board designated assets occurred to conform to current year presentation. This reclassification had no effect on the previously reported unrestricted net assets or total board designated balance as well as no effect on the previously reported change in net assets.

### **3. 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 consolidated statements of financial position date for general expenditure were as follows at June 30, 2023 and 2022:

	2023	2022
Financial assets available for general use within one year at year-end:		
Cash and cash equivalents	\$ 7,113,638	\$ 10,721,324
Accounts, program loan and accrued interest receivables, net, due within one year	2,486,833	6,209,293
Contribution receivable, due within one year, unrestricted as to use	68,780	271,280
<b>Total financial assets available within one year</b>	<b>9,669,251</b>	<b>17,201,897</b>
Add: anticipated investment return to be used in the subsequent fiscal year for operations (endowment spending)	41,868,824	43,173,807
<b>Total financial assets available for general expenditures within one year</b>	<b>\$ 51,538,075</b>	<b>\$ 60,375,704</b>



# American Bible Society

## Notes to Consolidated Financial Statements

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Excluded from the detail provided above are all investment amounts pertaining to the Society's endowment funds totaling \$511,025,464 and \$497,950,733 as of June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the Society's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) totaling \$42,269,634 and \$39,784,918, respectively, and the Society's board-designated endowment (quasi-endowment) totaling \$468,755,830 and \$458,165,815, respectively (See Note 12 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 5. Although the Society does not intend to spend from its board-designated endowment, other than amounts appropriated for operations annually, as of June 30, 2023 and 2022, the Society had \$468,755,830 and \$458,165,815, respectively, of board-designated endowment funds that could be made available to support operations if necessary, following Board approval. Accordingly, the extent of available financial assets as of June 30, 2023 only includes an approximation of investment return that will be made available to fund fiscal year 2024 operations, pursuant to the Society's Board-approved endowment spending policy.

#### 4. Inventories

Inventories at June 30, 2023 and 2022 and Scripture Sales for the years then ended consist of the following:

	2023	2022
Finished scripture products held for sale	\$ 7,444,667	\$ 3,616,622
Scripture resources for ministry use	7,394,508	2,340,107
Work in process and raw materials	-	152,392
FLDC retail inventory	50,611	59,875
	14,889,786	6,168,996
Less: inventory reserve	(2,831,416)	(85,491)
Total inventories, net	\$ 12,058,370	\$ 6,083,505
Components of gross margin:		
Scripture sales	\$ 5,638,618	\$ 4,018,130
Less: cost of scripture and related materials sold	(6,836,702)	(2,741,035)
Gross (loss) margin on scripture sales	\$ (1,198,084)	\$ 1,277,095

Included in national ministries bible ministry grants expense is the cost of Scripture resources for ministry use, which totaled \$1,862,806 and \$1,520,195 for the years ended June 30, 2023 and 2022, respectively.

# American Bible Society

## Notes to Consolidated Financial Statements

### 5. Investments

Investments consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 12,870,522	\$ 8,895,691
Equities	309,649,639	326,081,179
Fixed income	173,347,102	155,611,919
Private equities	112,555,417	102,239,512
Real assets	32,210,854	41,747,626
Global equities	28,972,289	30,221,652
	<b>\$ 669,605,823</b>	<b>\$ 664,797,579</b>

Included in investments at June 30, 2023 and 2022 are \$14,864,082 and \$12,923,671, respectively, held under trusts where the Society acts as trustee in connection with its split-interest agreements with donors. Life income agreements of \$8,488,288 and \$8,859,588 at June 30, 2023 and 2022, respectively, are also included in investments.

The Society's investments at June 30, 2023 are comprised of the following:

	Investments	Cost
Endowment investments	\$ 547,022,634	\$ 421,488,719
Non-endowment investments	43,521,962	47,335,388
Board-designated for retiree medical/pension benefits	27,746,859	35,168,648
Other investments*	51,314,368	51,019,234
	<b>\$ 669,605,823</b>	<b>\$ 555,011,989</b>

\*Annuities, pooled income funds and charitable remainder trusts

The Society's investments at June 30, 2022 are comprised of the following:

	Investments	Cost
Endowment investments	\$ 549,800,188	\$ 414,414,285
Non-endowment investments	28,628,738	30,280,930
Board-designated for retiree medical/pension benefits	37,245,721	36,324,147
Other investments*	49,122,932	49,913,775
	<b>\$ 664,797,579</b>	<b>\$ 530,933,137</b>

\*Annuities, pooled income funds and charitable remainder trusts

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, 2023 and 2022, the fair value of the collateral received totaled \$505,038 and \$3,125,815, respectively, and is presented as part of investments and payable under securities loan agreement on the

# American Bible Society

## Notes to Consolidated Financial Statements

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accompanying consolidated statements of financial position. The Society retains all rights of ownership to the securities loaned and continues to receive all interest and dividend income.

The Society has committed to investing an additional \$71,236,776 in certain private equity partnerships, which are to be funded primarily over the next three to five 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.

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# American Bible Society

## Notes to Consolidated Financial Statements

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, 2023					
<i>Description</i>	Assets Measured at Net Asset Value	Fair Value Hierarchy Level			Total
		Level 1	Level 2	Level 3	
Equities	\$ 133,750,471	\$ 162,734,269	\$ 11,454,437	\$ 1,710,462	\$ 309,649,639
Fixed income	-	71,482,969	101,864,133	-	173,347,102
Private equities	112,555,417	-	-	-	112,555,417
Real assets	22,711,902	-	-	9,498,952	32,210,854
Global equities	28,972,289	-	-	-	28,972,289
Cash	297,990,079	234,217,238	113,318,570	11,209,414	656,735,301
equivalents	-	-	-	-	12,870,522
<b>Total fair value investments</b>	<b>\$ 297,990,079</b>	<b>\$ 234,217,238</b>	<b>\$ 113,318,570</b>	<b>\$ 11,209,414</b>	<b>\$ 669,605,823</b>

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, 2022					
<i>Description</i>	Assets Measured at Net Asset Value	Fair Value Hierarchy Level			Total
		Level 1	Level 2	Level 3	
Equities	\$ 165,395,642	\$ 115,718,532	\$ 43,259,344	\$ 1,707,661	\$ 326,081,179
Fixed income	-	84,616,957	70,994,962	-	155,611,919
Private equities	102,239,512	-	-	-	102,239,512
Real assets	27,420,292	-	-	14,327,334	41,747,626
Global equities	30,221,652	-	-	-	30,221,652
	325,277,098	200,335,489	114,254,306	16,034,995	655,901,888
Cash equivalents	-	-	-	-	8,895,691
<b>Total fair value investments</b>	<b>\$ 325,277,098</b>	<b>\$ 200,335,489</b>	<b>\$ 114,254,306</b>	<b>\$ 16,034,995</b>	<b>\$ 664,797,579</b>

# American Bible Society

## Notes to Consolidated Financial Statements

The following tables summarize the changes in the Society's Level 3 investments for the year ended:

<i>June 30, 2023</i>	Equities	Real Assets	Total
Balance at June 30, 2022	\$ 1,707,661	\$ 14,327,334	\$ 16,034,995
Unrealized appreciation	216	-	216
Proceeds from sales, redemptions, and distributions	2,585	(4,828,382)	(4,825,797)
<b>Balance at June 30, 2023</b>	<b>\$ 1,710,462</b>	<b>\$ 9,498,952</b>	<b>\$ 11,209,414</b>

<i>June 30, 2022</i>	Equities	Real Assets	Total
Balance at June 30, 2021	\$ 1,708,743	\$ 10,572,571	\$ 12,281,314
Unrealized (depreciation) appreciation	(1,006)	4,514,139	4,513,133
Proceeds from sales, redemptions, and distributions	(76)	(759,376)	(759,452)
<b>Balance at June 30, 2022</b>	<b>\$ 1,707,661</b>	<b>\$ 14,327,334</b>	<b>\$ 16,034,995</b>

Quantitative information related to level 3 investment assets measured and carried at fair value on a recurring basis using significant unobservable inputs follows:

Description	Fair Value at June 30,		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Equities	\$ 1,710,462	\$ 1,707,661	Market approach	Values assigned to underlying funds less liabilities
Real assets	\$ 9,498,952	\$ 14,327,334	Market approach	Values assigned to underlying funds less liabilities

### **Investment Return**

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 Society's Board of Directors approved an updated resourcing model beginning in fiscal 2022. The long-range goal for the annual spending rate was set at 4.2% of the opening balance of the funds functioning as an endowment each year. A transition period was established that allows a fixed sum to be added to the calculated spending formula amount for fiscal years 2022 through 2024. Amounts approved totaled \$23,900,000 and \$26,000,000 in 2023 and 2022, respectively. In addition, the Society's Board of Directors also approved the use of an additional \$7,595,838 and \$2,811,919 in 2023 and 2022, respectively, of investment return to fund additional ministry expense, pension expense, and post-retiree health care benefits.

# American Bible Society

## Notes to Consolidated Financial Statements

The components of investment gain (loss) for the years ended June 30, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 11,198,106	\$ 11,064,157
Unrealized depreciation in fair value of investments	(19,020,980)	(94,951,715)
Realized gains	51,280,868	35,175,198
Investment expenses	(2,950,105)	(2,505,593)
<b>Investment gain (loss), net</b>	<b>40,507,889</b>	<b>(51,217,953)</b>
Amounts appropriated for program services	(23,900,000)	(26,000,000)
Amounts appropriated for specific operating purposes	(7,595,838)	(2,811,919)
<b>Investment return appropriated for operations</b>	<b>(31,495,838)</b>	<b>(28,811,919)</b>
<b>Investment gain (loss), less amounts appropriated for operations and capital activities</b>	<b>\$ 9,012,051</b>	<b>\$ (80,029,872)</b>
<b>Unrealized appreciation (depreciation) in fair value of investments in third-party trusts</b>	<b>\$ 1,734,151</b>	<b>\$ (3,936,407)</b>

The Society uses NAV or its equivalent to determine the 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.

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# American Bible Society

## Notes to Consolidated Financial Statements

The following tables list investments reported at NAV by major asset category as of June 30, 2023 and 2022:

2023									
Type	Strategy	NAV in Funds	# in Funds	Remaining Life	Amounts of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions	
Private equities	U.S. and international venture and buyout	\$ 112,555,417	38	1 to 12 years	\$ 62,377,597	1 to 10 years	N/A	N/A	
Real assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF	22,711,902	12	1 to 30 years	8,859,179	1 to 4 years	Private equity structures have no redemption options.	N/A	
Global equities	Global equity and fixed income funds in market neutral strategies, and fund-of-funds structure	28,972,289	5	N/A	N/A	N/A	Ranges as follows: Quarterly & annual liquidity: with 30-90 days' notice.	1 and 3 year lock-up periods where applicable have expired; 2 funds currently liquidating.	
Equities - partnerships	Long/short and long only funds structured as partnerships	62,509,468	2	N/A	N/A	N/A	Ranges from 0-60 days' notice to monthly or quarterly redemptions.	N/A	
Equities - Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	71,241,003	6	N/A	N/A	N/A	Ranges from 10-30 days' notice to monthly redemptions.	N/A	
<b>Total</b>		<b>\$ 297,990,079</b>	<b>63</b>		<b>\$ 71,236,776</b>				

2022									
Type	Strategy	NAV in Funds	# in Funds	Remaining Life	Amounts of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions	
Private equities	U.S. and international venture and buyout	\$ 102,239,512	32	1 to 12 years	\$ 32,640,427	1 to 10 years	N/A	N/A	
Real assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF	27,420,292	12	1 to 30 years	7,662,121	1 to 4 years	Private equity structures have no redemption options.	N/A	
Global equities	Global equity and fixed income funds in market neutral strategies, and fund-of-funds structure	30,221,652	6	N/A	-	N/A	Ranges as follows: Quarterly & annual liquidity: with 30-90 days' notice.	1 and 3 year lock-up periods where applicable have expired; 2 funds currently liquidating.	
Equities - partnerships	Long/short and long only funds structured as partnerships	94,864,604	3	N/A	-	N/A	Ranges from 0-60 days' notice to monthly or quarterly redemptions.	N/A	
Equities - Commingled funds	Global funds, primarily long only, equities and bond funds, and ETF	70,531,038	3	N/A	-	N/A	Ranges from 10-30 days' notice to monthly redemptions.	N/A	
<b>Total</b>		<b>\$ 325,277,098</b>	<b>56</b>		<b>\$ 40,302,548</b>				

# American Bible Society

## Notes to Consolidated Financial Statements

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### 6. Transactions with Fellowship and Affiliated Organizations

The Society provides significant 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. In the fiscal years 2023 and 2022, this financial support amounted to \$14,253,645 and \$16,002,404, respectively. These amounts are included within the bible ministry grants expenses for international ministries program services within the accompanying consolidated statements of functional expenses.

During fiscal year 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, 2023 and 2022, the receivable, which has been fully reserved for, net of amounts forgiven, totaled \$146,854 in both years, respectively.

### 7. Beneficial Interest in Investments Held by Third Party Trustees

The Society maintains a beneficial interest in investments held by third-party trustees. At June 30, 2023 and 2022, the Society’s beneficial interest in investments held by third-party trustees was classified as Level 3 within the fair value hierarchy. See Note 5.

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:

	2023	2022
Balance, beginning of year	\$ 25,904,575	\$ 30,639,424
Terminated agreements	(296,332)	(138,065)
Change in value due to actuarial valuations	(1,128)	(660,377)
Unrealized appreciation (depreciation) in fair value of third-party trusts	2,022,485	(3,936,407)
Balance, end of year	\$ 27,629,600	\$ 25,904,575

### 8. Lease Commitments

The Society assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Society’s right to control the use of an identified asset for a period of time in exchange for consideration.

All lease agreements for the year ended June 30, 2023 are accounted for under ASC 842; for the year ended June 30, 2022, all leases were accounted for under the previous lease standard, ASC 840. Upon adoption of FASB ASC 842 and as discussed in Note 2, the Society elected numerous practical expedients with respect to leases existing as of July 1, 2022.

The Society has operating leases for office space for which a right-of-use asset and a lease liability are recorded in the accompanying 2023 consolidated statement of financial position in accordance with ASC 842. The Society measures its lease assets and liabilities using a risk-free rate of return selected based on the term of the lease.



# American Bible Society

## Notes to Consolidated Financial Statements

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The Society's operating lease do not contain residual value guarantees. The Society has recorded the right-of-use of asset balance of \$44,801,800 in the accompanying consolidated statement of financial position as of June 30, 2023 for the following operating lease for its office space:

The Society has a 25-year operating lease for its headquarters space located in Philadelphia, Pennsylvania. The lease relates to the following spaces (a) the 8th and 9th floors office spaces; (b) FLDC's ground floor retail space; and (c) the ground floor concourse space. The Society is renting 148,009 square feet under this arrangement. The lease is expiring on October 31, 2041 and includes five options to extend the lease term, however the Society has determined that it is not reasonably certain it will exercise the option to extend. Rental payments under the lease totaled \$4,042,952 for the year ended June 30, 2023.

The Society's office space lease typically includes non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Society has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed or variable based on an index or rate. Non-lease components that are not fixed are expenses as incurred as variable lease payments.

During the current fiscal year, the Society recognized an impairment loss on its right-of-use lease asset related to office space. An impairment assessment was performed due to an extended period of vacancy that led to a reassessment of the future economic benefits expected from the use of this asset. Despite initial projections, a substantial portion of the 8th floor office space remained unutilized, prompting a reevaluation under the applicable accounting standards.

The impairment review process determined that the carrying amount of the right-of-use asset exceeded its recoverable amount, primarily due to the reduced demand for office space which impacted the asset's expected future cash flows. As a result, an impairment loss of \$7,050,383 was recorded in accompanying consolidated statements of activities and change in net assets for the year ended June 30, 2023, reflecting the write-down of the right of use asset to its fair value.

This impairment loss represents a non-cash adjustment and does not impact the Society's cash flows or liquidity position. The Society continues to evaluate its lease strategy and the utilization of its office space to align with its operational needs and market conditions.

The maturity of the lease liability under the Society's operating lease as of June 30, 2023 is as follows:

*Years ending December 31,*

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2024	\$	4,174,166
2025		4,342,443
2026		4,457,852
2027		4,531,720
2028		4,599,236
Thereafter		67,778,689
		<hr/>
		89,884,106
Less: Effects of discounting		(23,514,050)
		<hr/>
Lease liabilities recognized	\$	66,370,056

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# American Bible Society

## Notes to Consolidated Financial Statements

Within the consolidated statement of functional expenses, operating and variable lease expense is included in "Occupancy".

These amounts for the year ended June 30, 2023 were as follows:

Operating lease costs (costs resulting from lease payments)	\$	4,435,076
Variable lease costs (excluded from lease payments)		1,397,792
<b>Total lease costs</b>	<b>\$</b>	<b>5,832,868</b>

Supplemental quantitative information related to operating lease for the year June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	\$	4,042,952
Weighted - average remaining lease term		19.08 years
Weighted - average discount rate		2.84%

Previous ASC 840 lease standard - Fiscal year 2022

<i>Year ending June 30:</i>	Facilities	Equipment	Total
2023	\$ 4,049,072	\$ 45,600	\$ 4,094,672
2024	4,174,243	7,600	4,181,843
2025	4,342,365	-	4,342,365
2026	4,457,852	-	4,457,852
2027	4,531,720	-	4,531,720
Thereafter	71,045,996	-	71,045,996
	<b>\$ 92,601,248</b>	<b>\$ 53,200</b>	<b>\$ 92,654,448</b>

Effective July 2, 2015, the Society entered into 25-year operating facilities lease for its headquarters space located in Philadelphia, Pennsylvania. Rent expense for the use of this space for the year ended June 30, 2022 totaled \$3,744,360. 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, 2022 totaled \$52,792.

# American Bible Society

## Notes to Consolidated Financial Statements

### 9. Fixed Assets

Fixed assets consist of the following at June 30, 2023 and 2022:

<i>June 30, 2023</i>	Society	FLDC	Total
Furniture, fixtures, and equipment	\$ 4,466,850	\$ 5,003,260	\$ 9,470,110
Leasehold improvements	13,679,014	38,242,135	51,921,149
Software	1,284,295	954,576	2,238,871
Exhibits	-	13,525,781	13,525,781
Construction in process	67,634	-	67,634
<b>Total fixed assets</b>	<b>19,497,793</b>	<b>57,725,752</b>	<b>77,223,545</b>
Less: accumulated depreciation and amortization	(8,163,592)	(13,230,460)	(21,394,052)
<b>Total fixed assets, net</b>	<b>\$ 11,334,201</b>	<b>\$ 44,495,292</b>	<b>\$ 55,829,493</b>

Depreciation and amortization expense totaled \$6,696,451 for the year ended June 30, 2023.

<i>June 30, 2022</i>	Society	FLDC	Total
Furniture, fixtures, and equipment	\$ 4,068,111	\$ 4,642,024	\$ 8,710,135
Leasehold improvements	13,679,014	38,117,134	51,796,148
Software	1,284,295	1,099,071	2,383,366
Exhibits	-	13,503,668	13,503,668
<b>Total fixed assets</b>	<b>19,031,420</b>	<b>57,361,897</b>	<b>76,393,317</b>
Less: accumulated depreciation and amortization	(6,963,691)	(7,733,910)	(14,697,601)
<b>Total fixed assets, net</b>	<b>\$ 12,067,729</b>	<b>\$ 49,627,987</b>	<b>\$ 61,695,716</b>

Depreciation and amortization expense totaled \$6,575,403 for the year ended June 30, 2022.

# American Bible Society

## Notes to Consolidated Financial Statements

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### 10. Net Assets Without Donor Restrictions

#### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available to finance the general operations of the Society. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Society, the environment in which it operates, and the purposes specified in its articles of incorporation.

#### *Board-Designated Net Assets*

The Society's board-designated net assets are based on voluntary resolutions by the Board of Directors to designate a portion of net assets without donor restrictions for specific purposes and do not result in restricted net assets. Since designations are voluntary and may be reversed by the Board of Directors at any time, designated net assets are classified as net assets without donor restrictions.

Net assets without donor restrictions at June 30, 2023 and 2022 consist of the following:

June 30,	2023	2022
Board-designated for retirement benefits	\$ 9,139,025	\$ 9,030,180
Board-designated for retiree medical benefits	18,607,834	28,215,541
Board-designated for Bible translation	2,859,066	1,494,914
Board-designated for other ministry projects	21,243,582	23,822,809
Funds functioning as an endowment (Note 12)	468,755,830	458,165,815
Land, building and equipment	11,334,201	12,067,729
Land, building and equipment related to FLDC	44,495,292	49,627,987
	<b>\$ 576,434,830</b>	<b>\$ 582,424,975</b>

The Society's Board of Directors has also 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 5).

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# American Bible Society

## Notes to Consolidated Financial Statements

### 11. Net Assets with Donor Restrictions

Net assets with donor restrictions result from gifts of cash and other assets with donor-imposed restrictions to (a) support particular operating activities, (b) invest for a specified term, (c) use in a specified future period, or (d) acquire long-lived assets.

Net assets with donor restrictions at June 30, 2023 and 2022 were expendable for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Geographically focused programs and operations	\$ 11,051,726	\$ 12,356,239
Split interest agreement held in trust	36,332,249	34,253,287
	<u>47,383,975</u>	<u>46,609,526</u>
Subject to the Society's spending policy and appropriation:		
Portion of donor-restricted endowment funds subject to time restriction, which, once appropriated is expendable to support programs	22,464,172	19,980,456
Not subject to appropriation or expenditure:		
Net assets from endowments, contributions receivable, held in perpetuity to support programs	43,070,755	41,344,604
<b>Total net assets with donor restrictions</b>	<b>\$ 112,918,902</b>	<b>\$ 107,934,586</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Purpose restrictions accomplished:		
Geographically focused programs	\$ 21,562,736	\$ 19,706,225
Release of appropriated endowment funds with purpose restrictions	671,245	587,659
<b>Total restrictions released</b>	<b>\$ 22,233,981</b>	<b>\$ 20,293,884</b>

# American Bible Society

## Notes to Consolidated Financial Statements

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### 12. 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 U.S. 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, 2023 and 2022, 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:

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

# American Bible Society

## Notes to Consolidated Financial Statements

The following tables summarize endowment net asset composition by type of fund as of June 30, 2023 and 2022:

2023				
	Without Donor Restrictions	With Donor Restriction		
		Accumulated Gains	Corpus	Total
Donor-restricted endowment funds	\$ -	\$ 22,464,172	\$ 19,805,462	\$ 42,269,634
Board-designated endowment funds	468,755,830	-	-	468,755,830
Total endowment funds	\$ 468,755,830	\$ 22,464,172	\$ 19,805,462	\$ 511,025,464

2022				
	Without Donor Restrictions	With Donor Restriction		
		Accumulated Gains	Corpus	Total
Donor-restricted endowment funds	\$ -	\$ 19,980,456	\$ 19,804,462	\$ 39,784,918
Board-designated endowment funds	458,165,815	-	-	458,165,815
Total endowment funds	\$ 458,165,815	\$ 19,980,456	\$ 19,804,462	\$ 497,950,733

Excluded from the donor-restricted portion of the endowment in the tables above at June 30, 2023 and 2022 are \$23,265,293 and \$21,531,143, respectively, of perpetual trusts held by third parties.

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# American Bible Society

## Notes to Consolidated Financial Statements

The following table summarizes the changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restriction		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 458,165,815	\$ 19,980,456	\$ 19,804,462	\$ 497,950,733
Contributions, net of amounts transferred to operations*	988,591	-	-	988,591
Interest and dividends	10,946,579	-	1,000	10,947,579
Unrealized (depreciation) appreciation in fair value of investments	(22,606,419)	2,483,716	-	(20,122,703)
Realized gains	50,817,781	-	-	50,817,781
Prior years' accumulated deficit	(112,052)	-	-	(112,052)
Investment expenses	(2,914,783)	-	-	(2,914,783)
Other income, primarily royalties	334,365	-	-	334,365
Net change in value of split- interest agreements	(425,466)	-	-	(425,466)
Amounts appropriated for program services	(23,900,000)	-	-	(23,900,000)
Amounts appropriated for specific operating purposes	(2,538,581)	-	-	(2,538,581)
Endowment net assets, end of year	\$ 468,755,830	\$ 22,464,172	\$ 19,805,462	\$ 511,025,464

\*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.

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# American Bible Society

## Notes to Consolidated Financial Statements

The following table summarizes the changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restriction		Total
		Accumulated Gains	Corpus	
Endowment net assets, beginning of year	\$ 600,178,905	\$ 24,144,595	\$ 19,800,312	\$ 644,123,812
Contributions, net of amounts transferred to operations*	7,159,336	-	3,050	7,162,386
Interest and dividends	10,497,947	-	1,100	10,499,047
Unrealized depreciation in fair value of investments	(84,597,343)	(4,164,139)	-	(88,761,482)
Realized gains	33,992,023	-	-	33,992,023
Prior years' accumulated deficit	(53,313,948)	-	-	(53,313,948)
Investment expenses	(2,411,995)	-	-	(2,411,995)
Other income, primarily royalties	445,143	-	-	445,143
Net change in value of split- interest agreements	(1,149,525)	-	-	(1,149,525)
Amounts appropriated for program services	(26,000,000)	-	-	(26,000,000)
Amounts appropriated for specific operating purposes	(2,811,919)	-	-	(2,811,919)
Amounts designated for specific purposes	(23,822,809)	-	-	(23,822,809)
Endowment net assets, end of year	\$ 458,165,815	\$ 19,980,456	\$ 19,804,462	\$ 497,950,733

\* 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.

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# American Bible Society

## Notes to Consolidated Financial Statements

### 13. Split Interest agreements

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

	2023			
	Charitable Reminder Trust	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2022	\$ 7,154,719	\$ 18,364,070	\$ 4,534,332	\$ 30,053,121
Proceeds of new split-interest agreements	1,665,019	336,929	-	2,001,948
Change in value of split-interest agreements	(383,118)	422,010	(226,857)	(187,965)
Payments to third-party beneficiaries under split-interest agreements	(767,221)	(2,033,759)	(221,086)	(3,022,066)
Investment income on split-interest agreements held for others	1,139,534	1,988	305,387	1,446,909
<b>Balance at June 30, 2023</b>	<b>\$ 8,808,933</b>	<b>\$ 17,091,238</b>	<b>\$ 4,391,776</b>	<b>\$ 30,291,947</b>
	2022			
	Charitable Reminder Trust	Annuity Agreements	Life Income Fund	Total
Balance at June 30, 2021	\$ 8,427,531	\$ 19,098,143	\$ 5,457,050	\$ 32,982,724
Proceeds of new split-interest agreements	272,844	530,016	-	802,860
Change in value of split-interest agreements	(1,905,682)	1,149,737	(815,257)	(1,571,202)
Payments to third-party beneficiaries under split-interest agreements	(767,456)	(2,413,826)	(323,085)	(3,504,367)
Investment income on split-interest agreements held for others	1,127,482	-	215,624	1,343,106
<b>Balance at June 30, 2022</b>	<b>\$ 7,154,719</b>	<b>\$ 18,364,070</b>	<b>\$ 4,534,332</b>	<b>\$ 30,053,121</b>

# American Bible Society

## Notes to Consolidated Financial Statements

### 14. 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 \$1,523,000 and \$1,563,000 in 2023 and 2022, 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 ("Plan") is designed to provide medical benefits to participants based upon date of hire and years of service.

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:

The funded status as of June 30, 2023 and 2022 is as follows:

	2023	2022
Postretirement benefit obligation at end of year	\$ 18,607,834	\$ 28,215,541
Fair value of plan assets at end of year	-	-
<b>Funded status end of year</b>	<b>\$ 18,607,834</b>	<b>\$ 28,215,541</b>
Current liability	\$ 1,525,123	\$ 1,992,231
Non-current liability	17,082,711	26,223,310
<b>Total</b>	<b>\$ 18,607,834</b>	<b>\$ 28,215,541</b>
	2023	2022
Postretirement benefit obligation at beginning of year		
Actives not fully eligible to retire	\$ 631,599	\$ 924,212
Actives fully eligible to retire	2,594,424	3,656,496
Retirees	24,989,558	30,536,090
<b>Total</b>	<b>\$ 28,215,581</b>	<b>\$ 35,116,798</b>
Postretirement benefit obligation at end of year		
Actives not fully eligible to retire	\$ 509,679	\$ 631,559
Actives fully eligible to retire	1,717,980	2,594,424
Retirees	16,380,175	24,989,558
<b>Total</b>	<b>\$ 18,607,834</b>	<b>\$ 28,215,541</b>

# American Bible Society

## Notes to Consolidated Financial Statements

The change in plan assets for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Fair value of plan assets, beginning of year	\$ -	\$ -
Employer contribution	1,992,231	2,023,734
Benefits paid	(1,992,231)	(2,023,734)
<b>Fair value of plan assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

Components of net periodic benefit cost for the years ended June 30, 2023 and 2022 included in the accompanying consolidated statements of activities and changes in net assets are as follows:

	2023	2022
Service cost	\$ 31,045	\$ 46,978
Interest cost	1,184,045	869,676
Amortization of actuarial losses	-	589,743
<b>Net periodic postretirement benefit cost</b>	<b>\$ 1,215,090</b>	<b>\$ 1,506,397</b>

Other changes in benefit obligations recognized in net assets without donor restrictions for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Net actuarial gain	\$ (8,830,566)	\$ (5,794,177)
Amortization of unrecognized amounts	-	(589,743)
<b>Total changes recognized in net assets without donor restrictions</b>	<b>\$ (8,830,566)</b>	<b>\$ (6,383,920)</b>

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# American Bible Society

## Notes to Consolidated Financial Statements

### *Assumptions*

	<b>2023</b>	<b>2022</b>
<hr/>		
Assumptions used to determine benefits at June 30:		
Discount rate	<b>4.88%</b>	4.35%
Assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	<b>4.35%</b>	2.55%
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	<b>6.50%</b>	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	<b>4.50%</b>	4.50%
Year that the rate reaches the ultimate trend rate	<b>2027</b>	2027
Dental trend rate	<b>4.50%</b>	4.50%
Effect of a 1% increase in health care cost trend rate on:		
Interest and service cost	\$ <b>89,595</b>	\$ 131,455
Accumulated postretirement benefit obligation	\$ <b>1,455,278</b>	\$ 2,635,236
Effect of a 1% decrease in health care cost trend rate on:		
Interest and service cost	\$ <b>(75,552)</b>	\$ (108,556)
Accumulated postretirement benefit obligation	\$ <b>(1,243,733)</b>	\$ (2,233,469)

### *Contributions*

The Society expects to contribute \$1,525,123 to its postretirement benefit plan during the year ending June 30, 2024.

### *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:

2024	\$	1,525,123
2025		1,536,824
2026		1,490,395
2027		1,406,397
2028		1,323,201
2029-2032		6,297,811

# American Bible Society

## Notes to Consolidated Financial Statements

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### 15. Allocation of Joint Costs

For many years, the Society has relied on direct mail, email, telephone, face to face and other means of solicitation to recruit, expand and maintain its donor base. Direct marketing and other donor channels allow the Society to share specific details about recent accomplishments and to provide information about current campaigns and priorities to its supporters. The Society also uses postal mail and other channels to educate and call to action the public to advance its mission.

The Society complies with FASB ASC 958-205 *Not-for-Profit Entities - Presentation of Consolidated Financial Statements* and FASB ASC 958-720 *Not-for-Profit Entities - Other Expenses* requirements by allocating a portion of its direct mail, email, phone, and other communication costs to program services and to fundraising. Since only those activities that include both programmatic and fundraising components are included in this allocation, the amounts below do not include all of the expenses presented in the consolidated statement of functional expenses. This allocation is based upon the percentage of material in each mailing related to program services as determined by content analysis of a sample of mailings.

Total costs for mailing pieces and direct media advertising spots that requested financial support and served other program or management functions were allocated as follows for the years ended June 30:

	2023	2022
Programs	\$ 4,776,066	\$ 5,415,359
Fundraising	5,256,050	5,709,797
Total joint costs	<u>\$ 10,032,116</u>	<u>\$ 11,125,156</u>

### 16. Subsequent Events

On March 13, 2024, the Society terminated the FLDC's public facing operations, effective April 1, 2024, to better align its long-term strategic results with ongoing financial performance objectives. See the Supplementary Information for the breakout of FLDC's financial information as of June 20, 2023.

The Society evaluated subsequent events through May 14, 2024, which is the date the consolidated financial statements were available to be issued. There were no other events noted that required adjustments to or disclosure in these financial statements, except as discussed above.

## Supplementary Information

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## Independent Auditor's Report on the Supplemental Schedules

Board of Directors  
**American Bible Society**  
Philadelphia, Pennsylvania

We have audited the consolidated financial statements of American Bible Society (the Society) as of and for the year ended June 30, 2023 and have issued our report thereon dated May 14, 2024 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules presented in the following section of this report are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, P.C.*

McLean, Virginia  
May 14, 2024



# American Bible Society

## Consolidating Schedule of Financial Position

As of June 30, 2023	Society	FLDC	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 4,728,151	\$ 2,385,487	\$ -	\$ 7,113,638
Accounts receivables, net of allowance of \$5,019 in 2023 and \$2,252 in 2022	751,860	-	-	751,860
Other receivables, net of allowance of \$146,854 in 2023 and \$146,854 in 2022	1,803,753	-	-	1,803,753
Loan receivable from the FLDC	20,299,997	-	(20,299,997)	-
Amounts receivable from ABS	-	6,085,291	(6,085,291)	-
Inventories, net	12,007,759	50,611	-	12,058,370
Prepaid expenses and other assets	1,321,983	133,899	-	1,455,882
Investments	669,605,823	-	-	669,605,823
Beneficial interest in investments held by third-party trustees	27,629,600	-	-	27,629,600
Right-of-use assets - operating leases	20,033,203	24,768,597	-	44,801,800
Fixed assets, net	11,334,201	44,495,292	-	55,829,493
<b>Total assets</b>	<b>\$ 769,516,330</b>	<b>\$ 77,919,177</b>	<b>\$ (26,385,288)</b>	<b>\$ 821,050,219</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 15,394,876	\$ 526,736	\$ -	\$ 15,921,612
Amounts payable to FLDC	6,085,291	-	(6,085,291)	-
Loan payable to the Society	-	20,299,997	(20,299,997)	-
Payable under securities loan agreement	505,038	-	-	505,038
Obligations under charitable remainder trusts	8,808,933	-	-	8,808,933
Annuities payable	17,091,238	-	-	17,091,238
Deferred revenue under life income agreements	4,391,776	-	-	4,391,776
Lease liabilities - operating leases	37,661,274	28,708,782	-	66,370,056
Accrued postretirement benefits	18,607,834	-	-	18,607,834
<b>Total liabilities</b>	<b>108,546,260</b>	<b>49,535,515</b>	<b>(26,385,288)</b>	<b>131,696,487</b>
<b>Commitments and Contingencies</b>				
<b>Net assets</b>				
Without donor restrictions	548,051,168	28,383,662	-	576,434,830
With donor restrictions	112,918,902	-	-	112,918,902
<b>Total net assets</b>	<b>660,970,070</b>	<b>28,383,662</b>	<b>-</b>	<b>689,353,732</b>
<b>Total liabilities and net assets</b>	<b>\$ 769,516,330</b>	<b>\$ 77,919,177</b>	<b>\$ (26,385,288)</b>	<b>\$ 821,050,219</b>

*See independent auditor's report on supplemental schedules.*

# American Bible Society

## Consolidating Schedule of Activities and Change in Net Assets

Year Ended June 30, 2023	Without Donor Restrictions				With Donor Restrictions				Total
	Society	FLDC	Eliminations	Total	Society	FLDC	Eliminations	Total	
<b>Operating activities</b>									
Operating revenues and support									
Contributions	\$ 15,573,047	\$ 6,829,653	\$ (6,829,653)	\$ 15,573,047	\$ 21,284,297	\$ -	\$ -	\$ 21,284,297	\$ 36,857,344
Legacies	6,817,130	-	-	6,817,130	-	-	-	-	6,817,130
Scripture sales	5,638,618	-	-	5,638,618	-	-	-	-	5,638,618
Other	2,724,938	287,015	-	3,011,953	-	-	-	-	3,011,953
Net assets released from restrictions	22,233,981	-	-	22,233,981	(22,233,981)	-	-	(22,233,981)	-
<b>Total operating revenues and support</b>	<b>52,987,714</b>	<b>7,116,668</b>	<b>(6,829,653)</b>	<b>53,274,729</b>	<b>(949,684)</b>	<b>-</b>	<b>-</b>	<b>(949,684)</b>	<b>52,325,045</b>
Operating expenses									
Program services									
Scripture engagement and distribution:									
National ministries	39,893,556	10,838,013	(6,829,653)	43,901,916	-	-	-	-	43,901,916
International ministries	37,900,337	-	-	37,900,337	-	-	-	-	37,900,337
<b>Total program services</b>	<b>77,793,893</b>	<b>10,838,013</b>	<b>(6,829,653)</b>	<b>81,802,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,802,253</b>
Supporting services									
Administration	8,768,241	1,427,769	(600,000)	9,596,010	-	-	-	-	9,596,010
Development	13,475,317	43,891	-	13,519,208	-	-	-	-	13,519,208
<b>Total supporting services</b>	<b>22,243,558</b>	<b>1,471,660</b>	<b>(600,000)</b>	<b>23,115,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,115,218</b>
<b>Total operating expenses</b>	<b>100,037,451</b>	<b>12,309,673</b>	<b>(7,429,653)</b>	<b>104,917,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,917,471</b>
Changes in net assets from operating activities before investment return appropriated for operation	(47,049,737)	(5,193,005)	600,000	(51,642,742)	(949,684)	-	-	(949,684)	(52,592,426)
Investment return appropriated for operations	31,495,838	-	-	31,495,838	-	-	-	-	31,495,838
<b>Changes in net assets from operating activities</b>	<b>(15,553,899)</b>	<b>(5,193,005)</b>	<b>600,000</b>	<b>(20,146,904)</b>	<b>(949,684)</b>	<b>-</b>	<b>-</b>	<b>(949,684)</b>	<b>(21,096,588)</b>
<b>Nonoperating activities</b>									
Investment gains, net of amounts appropriated for operations and capital	6,351,658	-	(600,000)	5,751,658	3,260,393	-	-	3,260,393	9,012,051
Appreciation in fair value of third-party trusts	-	-	-	-	1,734,151	-	-	1,734,151	1,734,151
Change in value of split-interest agreements	(425,465)	-	-	(425,465)	939,456	-	-	939,456	513,991
Pension-related activity other than net periodic pension expense	8,830,566	-	-	8,830,566	-	-	-	-	8,830,566
<b>Changes in net assets from nonoperating activities</b>	<b>14,756,759</b>	<b>-</b>	<b>(600,000)</b>	<b>14,156,759</b>	<b>5,934,000</b>	<b>-</b>	<b>-</b>	<b>5,934,000</b>	<b>20,090,759</b>
<b>Change in net assets</b>	<b>(797,140)</b>	<b>(5,193,005)</b>	<b>-</b>	<b>(5,990,145)</b>	<b>4,984,316</b>	<b>-</b>	<b>-</b>	<b>4,984,316</b>	<b>(1,005,829)</b>
Net assets, beginning of year	548,848,308	33,576,667	-	582,424,975	107,934,586	-	-	107,934,586	690,359,561
<b>Net assets, end of year</b>	<b>\$ 548,051,168</b>	<b>\$ 28,383,662</b>	<b>\$ -</b>	<b>\$ 576,434,830</b>	<b>\$ 112,918,902</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 112,918,902</b>	<b>\$ 689,353,732</b>

*See independent auditor's report on supplemental schedules.*