delap

BibleProject

Financial Statements

Years Ended
December 31, 2019
and 2018

delap

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Independent Auditors' Report

To the Board of Directors of
BibleProject

We have audited the accompanying statement of financial position of BibleProject (formerly, "The Bible Project") (an Oregon nonprofit corporation) as of December 31, 2019 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BibleProject as of December 31, 2019, 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.

Prior Period Financial Statements

The 2018 financial statements were reviewed by us, and our report thereon, dated September 27, 2019, stated that we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements. As discussed in Note 2 to the accompanying financial statements, BibleProject has restated its financial statements as of and for the year ended December 31, 2018 to correct for misstatements in its method of accounting for video production costs in accordance with accounting principles generally accepted in the United States of America.

Delap LLP

May 4, 2020

BibleProject

Statements of Financial Position

December 31, 2019 and 2018

	2019 (Audited)	2018 (Unaudited - as restated)
Assets		
Current assets		
Cash and cash equivalents	$ 4,953,472	$ 3,582,481
Accounts receivable	77,387	-
Inventories	180,824	278,257
Current portion of prepaid rent	50,875	32,136
Total current assets	5,262,558	3,892,874
Property and equipment - net	661,609	576,816
Video production costs - net	1,507,733	1,401,520
Prepaid rent - net of current portion	196,546	155,358
Total Assets	$ 7,628,446	$ 6,026,568
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 231,170	$ 93,793
Accrued liabilities	132,780	96,806
Total current liabilities	363,950	190,599
Net assets without donor restrictions	7,264,496	5,835,969
Total Liabilities and Net Assets Without Donor Restrictions	$ 7,628,446	$ 6,026,568

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

BibleProject

Statements of Activities

Years Ended December 31, 2019 and 2018

	2019 (Audited)	2018 (Unaudited - as restated)
Revenue, gains, and support without donor restrictions		
Contributions	$ 9,003,974	$ 7,101,375
Sales	462,455	675,371
Interest income	41,145	9,316
Total revenue, gains, and support without donor restrictions	9,507,574	7,786,062
Expenses		
Mission services		
Content creation	4,497,531	2,621,335
Sharing	2,143,285	1,104,679
Total mission services	6,640,816	3,726,014
Supporting services		
General and administrative	1,422,667	791,299
Fundraising	15,564	24,651
Total supporting services	1,438,231	815,950
Total expenses	8,079,047	4,541,964
Increase in Net Assets Without Donor Restrictions	1,428,527	3,244,098
Net assets without donor restrictions - beginning of year	5,835,969	2,591,871
Net Assets Without Donor Restrictions - End of Year	$ 7,264,496	$ 5,835,969

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

BibleProject

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019 (Audited)	2018 (Unaudited - as restated)
Cash Flows From Operating Activities		
Increase in net assets without donor restrictions	$ 1,428,527	$ 3,244,098
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided by operating activities		
Depreciation and amortization of property and equipment	112,310	71,543
Amortization of video production costs	695,378	283,036
Changes in operating assets and liabilities		
Accounts receivable	(77,387)	-
Inventories	97,433	(25,690)
Prepaid rent	(59,927)	32,148
Accounts payable	137,377	53,274
Accrued liabilities	35,974	45,089
Net cash provided by operating activities	2,369,685	3,703,498
Cash Flows From Investing Activities		
Purchases of property and equipment	(197,103)	(391,519)
Payments for video production	(801,591)	(1,234,679)
Net cash used by investing activities	(998,694)	(1,626,198)
Net Increase in Cash and Cash Equivalents	1,370,991	2,077,300
Cash and cash equivalents - beginning of year	3,582,481	1,505,181
Cash and Cash Equivalents - End of Year	$ 4,953,472	$ 3,582,481

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

1. Summary of Significant Accounting Policies

Organization and nature of operations

BibleProject (formerly, "The Bible Project") (the Organization) was formed as a nonprofit corporation in December 2013 in the state of Oregon. The mission of the Organization is to help the whole world experience the Bible as one unified story that leads to Jesus. The Organization is funded primarily by contributions from the community, individual supporters, and sales of coffee table books. The Organization's headquarters are in Portland, Oregon.

Basis of presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applied on a basis consistent with that of the preceding year. Based on the existence or absence of donor-imposed restrictions, the Organization classifies resources into two categories: without donor restrictions and with donor restrictions.

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2019 and 2018, the Organization did not have net assets with donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions.

Basis of accounting

The Organization follows the accrual basis of accounting applicable to not-for-profit organizations. Under the accrual basis of accounting, revenue, gains, and support are recorded when earned and expenses are recorded when incurred.

Recently adopted accounting pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which created FASB Accounting Standards Codification (ASC) Topic 606 (ASC 606). ASC 606 replaced most existing revenue recognition guidance in GAAP when it became effective and requires the Organization to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The guidance also requires additional disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization adopted ASC 606 effective January 1, 2019 using a modified retrospective method of application to contracts not completed as of January 1, 2019. There was no material impact on the Organization’s financial position and results of operations upon adoption of ASC 606. Management has determined that the Organization's contributions revenue is not subject to ASC 606.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, support, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable are recorded at the invoiced amount. Should it become necessary, management would establish an allowance for doubtful accounts. As of December 31, 2019, management is of the opinion that all accounts are collectible, and, accordingly, no allowance was deemed necessary. If deemed necessary, the Organization would provide for an allowance for doubtful accounts based on the aging of the Organization's accounts receivable, historical experience, current and future short-term business conditions, and management's judgment.

Inventories

Inventories consist of coffee table books, posters, and other materials and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. If considered necessary, a reserve for potentially obsolete, damaged, and/or slow-moving inventory would be maintained at a level believed to be adequate by management to reflect the probable losses in inventory due to the inability to sell these items at or above cost. Any reserve would be calculated based on the aging of the Organization's inventories, historical experience, current and future short-term business conditions, and management's judgment and future plans. The Organization would write off inventories against the reserve when management determines that the inventories are impaired. As there have been no significant inventory write-offs – and management has not specifically identified any potential obsolete, damaged, and/or slow-moving inventory – management does not believe that a related reserve is necessary as of December 31, 2019 or 2018.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Donated assets are recorded at their estimated fair value on the date received. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. Expenditures of $2,500 or more for additions, improvements, and replacements are capitalized. The cost and related accumulated depreciation or amortization on property and equipment sold or otherwise disposed of are removed from the accounts, and any gain or loss is reported as current revenue or expense in the statement of activities.

Video production costs

Video production costs are stated at cost less accumulated amortization, see Note 2 for further details. Video production costs are amortized over the estimated period during which the related income is expected to be earned (three years). Videos with production costs of $15,000 or more are capitalized. As of December 31, 2019 and 2018, gross video production costs were $2,515,650 and $1,714,059, respectively. Accumulated amortization was $1,007,917 and $312,539 as of December 31, 2019 and 2018, respectively. Videos in process as of December 31, 2019 were approximately $62,000. There were no significant videos in process as of December 31, 2018. The Organization periodically reviews video production costs for impairment, retirement, or abandonment.

Upon impairment, retirement, or abandonment, the cost of the assets disposed of and the related accumulated amortization are removed from the accounts, and any resulting gain or loss is reported as current revenue or expense in the statement of activities.

Long-lived assets

The Organization accounts for long-lived assets at amortized cost. Management reviews long-lived assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of impairment, management would prepare an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these estimated cash flows were less than the carrying amount of the asset, an impairment loss would be recognized to write down the asset to its estimated fair value.

Contributions

The Organization records contributions received as with donor-restrictions or without donor-restrictions depending on the absence or existence and nature of donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenue recognition

The Organization recognizes revenue from the sale of coffee table books, posters, and other materials at a point in time following the transfer of control of the product to the customer, which typically occurs upon delivery. Contracts with customers include a single performance obligation and are short-term which allows for satisfaction of performance obligation in less than one year. As of December 31, 2019 and 2018, there were no bill and hold transactions. The amount of revenue recognized reflects the consideration that the Organization expects to be entitled to receive in exchange for those products based on contracts with the customer. The Organization does not have any financing components, as payment is typically received at or shortly after the point of sale. Product returns are allowed for damaged material; however, such returns were insignificant in 2019 and 2018

Any taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Organization from a customer, are excluded from revenue.

Shipping and handling costs associated with outbound freight are accounted for as fulfillment costs and are included in total expenses in the accompanying statements of activities.

Income taxes

The Organization is approved as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and applicable state laws. As such, only the Organization's unrelated business income is subject to federal or state income taxes. It is management's belief that none of the Organization's activities have generated material unrelated business income. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Income tax positions that meet a "more-likely-than-not" recognition threshold are measured at the largest amount of income tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with income tax positions taken that exceeds the amount measured as described above would be reflected as a liability for unrecognized income tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the statements of activities.

There were no unrecognized income tax benefits, nor any interest and penalties associated with unrecognized income tax benefits, accrued or expensed as of and for the years ended December 31, 2019 and 2018.

The Organization files U.S. federal and state of Oregon returns of organizations exempt from income tax.

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Organization maintains its cash and cash equivalents in bank accounts which at times may exceed federally insured limits. The Organization has not experienced any losses on these accounts.

The Organization extends credit based on an evaluation of each customer's financial condition and generally does not require collateral.

Subsequent events

The COVID-19 outbreak is disrupting the global economy. The impact on the Organization's donations and operational performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on the Organization's customers, employees, and vendors. The extent to which COVID-19 may impact the Organization's future financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

Management has evaluated, for potential recognition or disclosure in the financial statements, subsequent events that have occurred through May 4, 2020, which is the date that the financial statements were available to be issued.

2. Restatement of Prior Period Financial Statements

During 2019, the Organization identified an error in its method for computing video production costs to be capitalized. Accordingly, a prior period adjustment was recorded to restate capitalized video production costs and the amortization of such costs in the accompanying 2018 financial statements.

The effects of the restatement on items in the accompanying statement of financial position as of December 31, 2018 are as follows:

	Video production costs - net	Net assets without donor restrictions
December 31, 2018 - As Previously Reported	$ 1,565,919	$ 6,000,368
Change in capitalization method	(164,399)	(164,399)
December 31, 2018 - As Restated	$ 1,401,520	$ 5,835,969

Content creation expenses increased and the increase in net assets without donor restrictions decreased for the year ended December 31, 2018 by $164,399 as result of the restatement.

3. Liquidity and Available Resources

The Organization has approximately $5,000,000 of financial assets available within one year of the date of the 2019 statement of financial position to meet cash needs for general expenditures consisting of cash and cash equivalents. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the date of the 2019 statement of financial position.

4. Property and Equipment

Property and equipment - net consists of the following as of December 31:

	2019	2018
Equipment and furniture	$ 260,690	$ 239,108
Leasehold improvements	593,179	417,658
Total	853,869	656,766
Less accumulated depreciation	(192,260)	(79,950)
Property and equipment - net	$ 661,609	$ 576,816

5. Operating Lease

The Organization leases its office space under an operating lease which expires in January 2025. The lease agreement, as amended, allowed the Organization to pay up-front for tenant improvements in the aggregate of $328,000 and $225,000 as of December 31, 2019 and 2018, respectively. These up-front payments have been recorded as prepaid rent, and a portion will be offset against each month's rent payment. If the lease is terminated early, the Organization will receive a refund of any amount that has not been offset against rent payments. Total rent expense for the years ended December 31, 2019 and 2018 was approximately $121,000 and $103,000, respectively.

Future minimum rentals, net of the prepaid rent discount, to be paid under the lease as of December 31, 2019 are as follows:

2020	$ 82,793
2021	82,793
2022	82,793
2023	82,793
2024	72,151
Thereafter	1,578
Total	$ 404,901

6. Retirement Plan

The Organization maintains a safe harbor 401(k) retirement plan (the Plan) which is available to all employees other than union employees and certain nonresident aliens. Employees can defer a portion of their earnings on a pre-tax or after-tax basis through contributions to the Plan and receive employer contributions after attaining the age of 21 and six months of service. Under the Plan, the Organization matches 100% of employee contributions up to 3% of the participant's eligible compensation and 50% of employee contributions between 3% and 5% of the participant's eligible compensation. Employer contributions are fully vested when contributed. Total Organization contributions to the Plan were approximately $75,000 and $33,000 for the years ended December 31, 2019 and 2018, respectively.

7. Functional Classification of Expenses

The accompanying financial statements report certain expense categories that are attributable to more than one mission or support function. Specific expenses readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses attributable to more than one mission or support function require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function – including depreciation and amortization, rent, and other occupancy costs – are allocated to a function based on a square footage or units of service basis. Support services are not directly identifiable to any specific mission service function but provide for the overall support and direction of the Organization.

Expenses on a functional basis were as follows for the years ended December 31:

	Mission Services		Support Services		
	Content Creation	Sharing	General and Administrative	Fundraising	Total
2019					
Salaries and benefits	$ 1,370,929	$ 1,085,876	$ 484,533	$ -	$ 2,941,338
Contractors	1,208,776	61,373	34,725	-	1,304,874
Publishing	543,016	-	-	-	543,016
Depreciation and amortization	695,378	-	112,310	-	807,688
Office and occupancy	117,335	9,600	178,352	-	305,287
Software	432,160	227,798	84,322	-	744,280
Communications	-	345,749	-	-	345,749
Bank fees	924	-	201,060	-	204,984
Professional fees and subscriptions	41,476	-	139,725	-	181,201
Travel	44,958	92,770	1,662	-	139,390
Gifts	-	245,986	-	-	245,986
Fundraising	-	-	-	15,564	15,564
Other	42,579	74,133	185,978	-	302,690
	$ 4,497,531	$ 2,143,285	$ 1,422,667	$ 15,564	$ 8,079,047
2018					
Salaries and benefits	$ 520,034	$ 565,549	$ 237,996	$ -	$ 1,323,579
Contractors	796,614	40,917	6,550	-	844,081
Publishing	703,153	-	-	-	703,153
Depreciation and amortization	283,036	-	71,543	-	354,579
Office and occupancy	143,633	8,000	204,604	-	356,237
Software	73,542	142,083	6,561	-	222,186
Communications	-	201,734	-	-	201,734
Bank fees	30,273	-	144,257	-	174,530
Professional fees and subscriptions	32,335	-	33,125	-	65,460
Travel	11,948	42,793	2,805	-	57,546
Gifts	-	26,194	-	-	26,194
Fundraising	-	-	-	24,651	24,651
Other	26,767	77,409	83,858	-	188,034
	$ 2,621,335	$ 1,104,679	$ 791,299	$ 24,651	$ 4,541,964