



**BibleProject**

**Financial Statements**

**Years Ended  
December 31, 2020  
and 2019**



5885 Meadows Road, No. 200 / Lake Oswego, OR 97035 / 503.697.4118 / delapcpa.com

## **Independent Auditors' Report**

---

To the Board of Directors of  
BibleProject

We have audited the accompanying statements of financial position of BibleProject (an Oregon nonprofit corporation) as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*DELAP LLP*

June 22, 2021

# BibleProject

## Statements of Financial Position

### December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 9,852,871	\$ 4,953,472
Accounts receivable	9,680	77,387
Inventories	299,910	180,824
Current portion of prepaid rent	50,875	50,875
Total current assets	10,213,336	5,262,558
Property and equipment - net	968,003	661,609
Video production costs - net	1,862,979	1,507,733
Prepaid rent - net of current portion	145,671	196,546
<b>Total Assets</b>	<u>\$ 13,189,989</u>	<u>\$ 7,628,446</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 317,183	\$ 231,170
Accrued liabilities	178,272	132,780
Total current liabilities	495,455	363,950
Net assets without donor restrictions	12,446,382	7,264,496
Net assets with donor restrictions	248,152	-
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,189,989</u>	<u>\$ 7,628,446</u>

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

# BibleProject

## Statements of Activities

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Net assets without donor restrictions:</b>		
Revenue, gains, and support without donor restrictions		
Contributions	\$ 14,958,421	\$ 9,003,974
Sales	381,139	462,455
Interest income	27,179	41,145
Net assets released from restrictions - satisfaction of program restrictions	841,848	-
Total revenue, gains, and support without donor restrictions	<u>16,208,587</u>	<u>9,507,574</u>
Expenses		
Mission services		
Content creation	5,713,765	4,497,531
Sharing	3,139,955	2,143,285
Total mission services	<u>8,853,720</u>	<u>6,640,816</u>
Supporting services		
General and administrative	2,172,981	1,422,667
Fundraising	-	15,564
Total supporting services	<u>2,172,981</u>	<u>1,438,231</u>
Total expenses	<u>11,026,701</u>	<u>8,079,047</u>
<b>Increase in Net Assets Without Donor Restrictions</b>	5,181,886	1,428,527
Net assets without donor restrictions - beginning of year	7,264,496	5,835,969
<b>Net Assets Without Donor Restrictions - End of Year</b>	<u>\$ 12,446,382</u>	<u>\$ 7,264,496</u>
<b>Net assets with donor restrictions:</b>		
Restricted contributions	\$ 1,090,000	\$ -
Net assets released from restrictions - satisfaction of program restrictions	841,848	-
<b>Increase in Net Assets With Donor Restrictions</b>	248,152	-
Net assets with donor restrictions - beginning of year	-	-
<b>Net Assets With Donor Restrictions - End of Year</b>	<u>\$ 248,152</u>	<u>\$ -</u>
<b>Increase in Net Assets</b>	<u>\$ 5,430,038</u>	<u>\$ 1,428,527</u>

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

# BibleProject

## Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 5,430,038	\$ 1,428,527
Adjustments to reconcile increase in net assets to		
net cash provided by operating activities		
Depreciation and amortization of property and equipment	135,429	112,310
Amortization of video production costs	965,670	695,378
Contributions restricted for long-term purposes	(1,090,000)	-
Changes in operating assets and liabilities		
Accounts receivable	67,707	(77,387)
Inventories	(119,086)	97,433
Prepaid rent	50,875	(59,927)
Accounts payable	86,013	137,377
Accrued liabilities	45,492	35,974
Net cash provided by operating activities	<u>5,572,138</u>	<u>2,369,685</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(441,823)	(197,103)
Payments for video production	<u>(1,320,916)</u>	<u>(801,591)</u>
Net cash used by investing activities	<u>(1,762,739)</u>	<u>(998,694)</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for long-term purposes	<u>1,090,000</u>	<u>-</u>
Net cash provided by financing activities	<u>1,090,000</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	4,899,399	1,370,991
Cash and cash equivalents - beginning of year	<u>4,953,472</u>	<u>3,582,481</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 9,852,871</u>	<u>\$ 4,953,472</u>

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

# **BibleProject**

## **Notes to Financial Statements**

### **Years Ended December 31, 2020 and 2019**

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

##### **Organization and nature of operations**

BibleProject (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, 2020, net assets with donor restrictions, and all releases from net assets with donor restrictions, were for the purpose of building a mobile application. The Organization has elected to report donor-restricted contributions whose restrictions were met in the same year as the revenue is recognized as support within net assets without 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.

##### **Clever.ly agreement**

In December 2020, the Organization entered into an agreement to acquire certain employees and intellectual property of The Snapshot Group, Inc. (doing business as "Clever.ly"), a creative agency, for a total purchase price of \$725,000 to be paid in installments during 2021 and 2022. The transaction expands the Organization's ability to produce videos in-house. The Organization agreed to pay the purchase price subject to the continued employment of the acquired employees. The employment of the acquired employees will begin effective January 4, 2021. In accordance with GAAP, the purchase price will be recognized as post-combination compensation expense over the period the employees provide the required services. During the year ended December 31, 2020, the Organization did not record post-combination compensation expense as no payments were due until 2021.

##### **COVID-19**

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as

# **BibleProject**

## **Notes to Financial Statements**

### **Years Ended December 31, 2020 and 2019**

travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. As the pandemic continues to progress, management is closely monitoring the effect of COVID-19 on all aspects of its business, including donors, customers, subcontractors, suppliers, vendors, and employees. The COVID-19 pandemic remains an ongoing situation, and the extent of its impact on the Organization's financial results will depend on future developments, including the duration of the outbreak and the related influence on consumer confidence and spending, which are highly uncertain. Even after the COVID-19 pandemic has subsided, the Organization may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the future impact of the COVID-19 pandemic on the Organization at this time.

#### **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, 2020 and 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, 2020 or 2019.

#### **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.

# **BibleProject**

## **Notes to Financial Statements**

### **Years Ended December 31, 2020 and 2019**

#### **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, 2020 and 2019, gross video production costs were \$3,836,566 and \$2,515,650, respectively. Accumulated amortization was \$1,973,587 and \$1,007,917 as of December 31, 2020 and 2019, respectively. Videos in process were approximately \$567,000 and \$62,000 as of December 31, 2020 and 2019, respectively. 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, 2020 and 2019, 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 2020 and 2019.

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.

# BibleProject

## Notes to Financial Statements

### Years Ended December 31, 2020 and 2019

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, 2020 and 2019.

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.

#### **Recently issued accounting standard**

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases* (ASU 2016-02), which created FASB ASC Topic 842 (ASC 842). ASC 842 is intended to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities in the balance sheet and disclosure of key information about leasing arrangements. The principal change required by ASC 842 relates to lessee accounting for operating leases and requires a lessee to (1) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the balance sheet, (2) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term generally on a straight-line basis, and (3) classify all cash payments within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. ASC 842 also changes disclosure requirements related to leasing activities and requires certain qualitative disclosures along with specific quantitative disclosures. ASC 842 will be effective for the Organization beginning in 2022 with early adoption permitted. Management is currently evaluating the effect that the adoption of ASC 842 will have on the Organization's future financial statements.

#### **Subsequent events**

Management has evaluated, for potential recognition or disclosure in the financial statements, subsequent events that have occurred through June 22, 2021, which is the date that the financial statements were available to be issued.

## **2. Liquidity and Available Resources**

The Organization has approximately \$9,600,000 of financial assets available within one year of the date of the 2020 statement of financial position to meet cash needs for general expenditures consisting of cash and cash equivalents. Approximately \$250,000 of the cash and cash equivalents reported on the statement of financial position as of December 31, 2020 were subject to donor or other contractual restrictions which make them unavailable for general expenditures within one year.

# BibleProject

## Notes to Financial Statements

### Years Ended December 31, 2020 and 2019

#### 3. Property and Equipment

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

	<b>2020</b>	<b>2019</b>
Equipment and furniture	\$ 696,287	\$ 260,690
Leasehold improvements	599,405	593,179
Total	1,295,692	853,869
Less accumulated depreciation	(327,689)	(192,260)
Property and equipment - net	<u>\$ 968,003</u>	<u>\$ 661,609</u>

#### 4. 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 as of December 31, 2020 and 2019. 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, 2020 and 2019 was approximately \$136,000 and \$121,000, respectively.

Future minimum rentals, net of the prepaid rent discount, to be paid under the lease as of December 31, 2020 are as follows:

2021	\$ 82,793
2022	82,793
2023	82,793
2024	72,151
2025	1,578
Total	<u>\$ 322,108</u>

#### 5. 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 \$108,000 and \$75,000 for the years ended December 31, 2020 and 2019, respectively.

#### 6. 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.

# BibleProject

## Notes to Financial Statements

### Years Ended December 31, 2020 and 2019

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

	Mission Services		Support Services		Total
	Content Creation	Sharing	General and Administrative	Fundraising	
<b>2020</b>					
Salaries and benefits	\$ 1,672,979	\$ 1,311,878	\$ 776,860	\$ -	\$ 3,761,717
Contractors	1,836,522	61,597	49,153	-	1,947,272
Publishing	589,987	-	-	-	589,987
Depreciation and amortization	965,670	-	135,428	-	1,101,098
Office and occupancy	107,140	34,800	228,702	-	370,642
Software	465,522	1,404,254	141,880	-	2,011,656
Communications	-	180,302	-	-	180,302
Bank fees	4	-	284,159	-	284,163
Professional fees and subscriptions	37,637	-	136,523	-	174,160
Travel	15,581	21,812	626	-	38,019
Gifts	-	70,453	-	-	70,453
Other	22,723	54,859	419,650	-	497,232
	<u>\$ 5,713,765</u>	<u>\$ 3,139,955</u>	<u>\$ 2,172,981</u>	<u>\$ -</u>	<u>\$ 11,026,701</u>
<b>2019</b>					
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	-	201,984
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
	<u>\$ 4,497,531</u>	<u>\$ 2,143,285</u>	<u>\$ 1,422,667</u>	<u>\$ 15,564</u>	<u>\$ 8,079,047</u>