

BIBLEPROJECT

Financial Statements
With Independent Auditors' Report

September 30, 2023

BIBLEPROJECT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
BibleProject
Lake Oswego, Oregon

Opinion

We have audited the accompanying financial statements of BibleProject, which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BibleProject as of September 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of BibleProject 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.

Emphasis of Matter

As described in Note 12 to the financial statements, BibleProject identified adjustments pertaining net assets as of October 1, 2022. Beginning net assets as of October 1, 2022 have been adjusted to correct these errors. Our opinion has not been modified with respect to this matter.

Responsibilities of Management 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, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 BibleProject'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BibleProject'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.

Capin Crouse LLP

Colorado Springs, Colorado
December 14, 2023

BIBLEPROJECT

Statement of Financial Position

September 30, 2023

ASSETS:

Current assets:

Cash and cash equivalents	\$ 1,765,950
Restricted cash	2,270,589
Investments	15,144,375
Accounts receivable	3,683
Grants receivable	1,250,000
Prepaid expenses	197,175
Inventory	259,750

20,891,522

Operating lease-right-of-use asset	620,210
Intangible assets-net	369,707
Video production costs-net	3,198,661
Property and equipment-net	<u>1,232,410</u>

Total Assets	<u><u>\$ 26,312,510</u></u>
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LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	\$ 437,188
Accrued expenses	732,805
Operating lease obligation-current portion	<u>187,903</u>

1,357,896

Operating lease obligation-net of current portion	<u>432,307</u>
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Total liabilities	<u>1,790,203</u>
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Net assets:

Without donor restrictions	21,001,718
With donor restrictions	<u>3,520,589</u>
Total net assets	<u>24,522,307</u>

Total Liabilities and Net Assets	<u><u>\$ 26,312,510</u></u>
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See notes to financial statements

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Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:			
Contributions	\$ 23,637,173	\$ 2,673,235	\$ 26,310,408
Product sales	293,692	-	293,692
Investment and other income	535,982	-	535,982
Net assets released from restriction	2,835,093	(2,835,093)	-
Total Support, Revenue, and Reclassifications	27,301,940	(161,858)	27,140,082
EXPENSES:			
Salaries and benefits	15,684,510	-	15,684,510
Contractors	2,109,703	-	2,109,703
Depreciation and amortization	1,621,981	-	1,621,981
Internet data hosting and software	932,116	-	932,116
Communications	655,660	-	655,660
Office and occupancy	605,080	-	605,080
Bank fees	437,205	-	437,205
Publishing	384,578	-	384,578
Travel	345,806	-	345,806
Other	298,867	-	298,867
Professional services and subscriptions	182,881	-	182,881
Total Expenses	23,258,387	-	23,258,387
Change in Net Assets	4,043,553	(161,858)	3,881,695
Net Assets, Beginning of Year, as Previously Stated	16,958,165	2,989,333	19,947,498
Prior Period Adjustments	-	693,114	693,114
Net Assets, Beginning of Year, as Restated	16,958,165	3,682,447	20,640,612
Net Assets, End of Year	\$ 21,001,718	\$ 3,520,589	\$ 24,522,307

See notes to financial statements

BIBLEPROJECT

Statement of Cash Flows

Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 3,881,695
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	1,621,981
Contributions restricted for long-term purposes	(2,116,350)
Net change in:	
Accounts receivable	7,526
Grants receivable	(250,000)
Prepaid expenses	(34,178)
Inventory	(10,838)
Accounts payable	35,193
Accrued expenses	(430,308)
Net Cash Provided by Operating Activities	<u>2,704,721</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(15,144,374)
Purchases of property and equipment	(1,601,751)
Payments for video production	(175,274)
Net Cash Used by Investing Activities	<u>(16,921,399)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions restricted for long-term purposes	<u>2,116,350</u>
Net Cash Provided by Financing Activities	<u>2,116,350</u>

Change in Cash and Cash Equivalents and Restricted Cash	(12,100,328)
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Cash and Cash Equivalents and Restricted Cash, Beginning of Year, as Restated	<u>16,136,867</u>
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Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 4,036,539</u>
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SUMMARY OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents	\$ 1,765,950
Restricted cash	<u>2,270,589</u>
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 4,036,539</u>

See notes to financial statements

BIBLEPROJECT

Notes to Financial Statements

September 30, 2023

1. **NATURE OF ORGANIZATION:**

BibleProject (the Organization) is a nonprofit corporation organized under the laws of the State of Oregon. As a nonprofit organization, the Organization is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3). As such, it is also exempt from state income taxes. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the IRC.

The purpose of the Organization is to help the whole world experience the Bible as one unified story that leads to Jesus. The Organization produces Bible videos, podcasts, articles, classes, and educational Bible resources to help make the biblical story accessible to everyone everywhere. The Organization does this by creating content and sharing content. They create various content including animation videos, classes, articles, and podcasts across their website and software applications. They share the content across the US through websites and around the world by localizing content into other cultures, countries, and languages. The Organization's primary source of revenue consists of contributions from individual donors.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by the Organization are described below.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist primarily of cash on hand and cash on deposit. At September 30, 2023, the Organization's cash balances on deposit exceeded insured limits by approximately \$1,634,000.

INVESTMENTS

Investments consist of certificates of deposit with a maturity date greater than 90 days at the time of purchase. Certificates of deposit are carried at contract value plus accrued interest.

GRANTS RECEIVABLE

Grants receivable is made up of grant contributions not yet received as of September 30, 2023. As of September 30, 2023, the total amount of grants receivable was expected to be received within the following year.

INVENTORY

Inventory consists of coffee table books and mugs. The Organization values its inventory at cost and uses the first-in, first-out method. At September 30, 2023, there was no reserve for excess or obsolete inventory.

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Notes to Financial Statements

September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASE–RIGHT-OF-USE ASSET AND OBLIGATION

The Organization adopted Accounting Standards Update (ASU) 2016-02 and its related amendments as of October 1, 2021, which resulted in the recognition of an operating lease right-of-use asset totaling \$620,210 as of September 30, 2023, as well as an operating lease obligation totaling \$620,210. The additional lease disclosures can be found in Note 5.

INTANGIBLE ASSETS

Intangible assets consist of capitalized software application costs incurred during the application development stage such as software design and configuration, coding, testing, and content creation. Expenses for intangible assets in excess of \$15,000 are capitalized at cost. Capitalization of costs ends when the project is substantially complete and ready for its intended use. Training and maintenance costs are expensed as incurred. Amortization is computed on the straight line method over the estimated useful lives of the assets, which is three years.

VIDEO PRODUCTION COSTS-NET

Expenses for video production in excess of \$15,000 are capitalized at cost. Amortization is computed on the straight line method over the estimated useful lives of the assets, which is three years.

PROPERTY AND EQUIPMENT-NET

Expenditures for property and equipment in excess of \$2,500 with an economic useful life that extends beyond 12 months are capitalized at cost. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets. Useful lives range from 5-7 years for furniture and equipment and 7 years for leasehold improvements.

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in the Organization's operations.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or projects or time restrictions.

All contributions are considered available for use without donor restriction unless specifically restricted by the donor.

BIBLEPROJECT

Notes to Financial Statements

September 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to the Organization. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met.

Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Product sales and investment and other income are recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the financial assets of the Organization as of September 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or are restricted for use beyond one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets:

Cash and cash equivalents	\$ 1,765,950
Restricted cash	2,270,589
Investments	15,144,375
Accounts receivable	3,683
Grants receivable	1,250,000
Financial assets, at year-end	<u>20,434,597</u>

Less those unavailable for general expenditure within one year,
due to:

Contractual or donor-imposed restrictions	<u>(2,270,589)</u>
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Financial assets available to meet cash needs for general
expenditures within one year

\$ 18,164,008

BIBLEPROJECT

Notes to Financial Statements

September 30, 2023

4. INVESTMENTS:

Investments consist of the following as of September 30, 2023:

At contract value:

Certificates of deposit	<u>\$ 15,144,375</u>
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5. OPERATING LEASE—RIGHT-OF-USE ASSET AND OBLIGATION:

The Organization leases office space under an operating lease expiring in December 2026. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Monthly payments under this lease total \$16,250 with a discount rate of 1.37%.

	<u>September 30, 2023</u>
Operating lease right-of-use asset	\$ 620,210
Operating lease obligation	\$ 620,210
Operating lease costs	\$ 195,000
Short-term lease costs	\$ 29,879
Weighted-average discount rate	1.37%
Weighted-average remaining lease term	3.30

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending September 30,</u>	
2024	\$ 195,000
2025	195,000
2026	195,000
2027	<u>48,750</u>
	633,750
Less: imputed interest	<u>(13,540)</u>
	<u>\$ 620,210</u>

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Notes to Financial Statements

September 30, 2023

6. INTANGIBLE ASSETS:

Intangible assets consists of the following as of September 30, 2023:

Software application	\$ 887,297
Less accumulated amortization	<u>(517,590)</u>
	<u><u>\$ 369,707</u></u>

7. VIDEO PRODUCTION COSTS:

Video production costs consists of the following as of September 30, 2023:

Produced videos	\$ 7,736,348
Less accumulated amortization	<u>(4,537,687)</u>
	<u><u>\$ 3,198,661</u></u>

8. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following as of September 30, 2023:

Equipment and furniture	\$ 1,014,551
Leasehold improvements	<u>1,380,809</u>
	2,395,360
Less accumulated depreciation	<u>(1,162,950)</u>
	<u><u>\$ 1,232,410</u></u>

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of the following as of September 30, 2023.

Restricted for long-term projects:	
Purpose-restricted	\$ 2,270,589
Time and purpose-restricted	<u>1,250,000</u>
	<u><u>\$ 3,520,589</u></u>

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Notes to Financial Statements

September 30, 2023

10. FUNCTIONAL ALLOCATION OF EXPENSES:

An allocation of expenses by natural classification for the year ended September 30, 2023 is as follows:

	Program Services			Supporting Activities			
	Content Creation	Sharing	Total Program Services	General & Administrative	Fundraising	Total Supporting Activities	Total
Salaries and benefits	\$ 6,920,189	\$ 5,884,523	\$ 12,804,712	\$ 2,474,679	\$ 405,119	\$ 2,879,798	\$ 15,684,510
Contractors	1,327,930	692,522	2,020,452	88,951	300	89,251	2,109,703
Depreciation and amortization	1,271,737	-	1,271,737	350,244	-	350,244	1,621,981
Internet data hosting and software	89,489	493,428	582,917	342,225	6,974	349,199	932,116
Communications	8,576	499,980	508,556	146,826	278	147,104	655,660
Office and occupancy	182,912	156,900	339,812	255,913	9,355	265,268	605,080
Bank fees	2,056	491	2,547	434,658	-	434,658	437,205
Publishing	1,170	383,408	384,578	-	-	-	384,578
Travel	168,951	102,904	271,855	36,948	37,003	73,951	345,806
Other	49,772	63,368	113,140	152,456	33,271	185,727	298,867
Professional services and subscriptions	-	-	-	182,881	-	182,881	182,881
	<u>\$ 10,022,782</u>	<u>\$ 8,277,524</u>	<u>\$ 18,300,306</u>	<u>\$ 4,465,781</u>	<u>\$ 492,300</u>	<u>\$ 4,958,081</u>	<u>\$ 23,258,387</u>

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Notes to Financial Statements

September 30, 2023

11. RETIREMENT PLAN

The Organization maintains a safe harbor 401(k) contribution retirement plan (the Plan) into which eligible employees can make voluntary contributions. The Organization matches 100% of employee contributions up to 3% and matches an additional 50% of employee contributions between 3% and 5% of eligible compensation for all eligible employees. Total contributions to the Plan by the Organization for the year ended September 30, 2023 totaled approximately \$327,000.

12. PRIOR PERIOD ADJUSTMENTS:

During the year ended September 30, 2023, management determined revenue, cash, and prepaid expenses had not been recorded in the proper period. As a result, the beginning balances within the financial statements have been restated to properly reflect these amounts. The impact of the restatement on the statements for the year ended September 30, 2023 and on the change in net assets for the period ended September 30, 2022 is as follows:

	As Previously Stated	Prior Period Adjustment	As Restated
Statement of financial position for the year ended September 30, 2023:			
Total Net Assets	\$ 19,947,498	\$ 693,114	\$ 20,640,612
Statement of activities for the year ended September 30, 2023:			
Net Assets, Beginning of Year, as previously stated	\$ 19,947,498	\$ 693,114	\$ 20,640,612
Prior period adjustments	\$ -	\$ 693,114	\$ 693,114
Net Assets, Beginning of Year, as restated	\$ -	\$ 693,114	\$ 20,640,612
Statement of activities for the period ended September 30, 2022:			
Change in net assets with donor restrictions	\$ 2,989,333	\$ 1,000,000	\$ 3,989,333
Change in net assets	\$ 1,402,929	\$ 1,000,000	\$ 2,402,929

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 14, 2023, which represents the date the financial statements were available to be issued.