



Deaf Bible Society

**Financial Statements
March 31, 2018 and 2017**

Deaf Bible Society

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Independent Auditors' Report

To the Board of Directors of Deaf Bible Society

We have audited the accompanying financial statements of Deaf Bible Society (Organization), a nonprofit organization, which comprise the statement of financial position as of March 31, 2018, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 auditor's 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 auditor considers 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 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 Deaf Bible Society as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of Deaf Bible Society as of and for the year ended March 31, 2017 were audited by other auditors whose report dated September 26, 2017 expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of functional expenses are presented for the purpose of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



A Limited Liability Partnership

Arlington, Texas
July 10, 2018

Deaf Bible Society
Statements of Financial Position
March 31, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 1,267,907 | \$ 562,029 |
| Accounts receivable | 10,385 | 107,241 |
| Prepaid expenses | 24,087 | 94 |
| Inventory | 6,038 | - |
| Total current assets | 1,308,417 | 669,364 |
| Deposits | 25,528 | - |
| Property and equipment, net | 608,561 | 391,284 |
| Total assets | \$ 1,942,506 | \$ 1,060,648 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 92,258 | \$ 105,778 |
| Accrued expenses and other liabilities | 81,974 | 20,187 |
| Deferred revenue | 163,996 | - |
| Total current liabilities | 338,228 | 125,965 |
| Net assets: | | |
| Unrestricted | 1,030,424 | 894,614 |
| Temporarily restricted | 573,854 | 40,069 |
| Total net assets | 1,604,278 | 934,683 |
| Total liabilities and net assets | \$ 1,942,506 | \$ 1,060,648 |

See notes to financial statements.

Deaf Bible Society
Statement of Activities
Year Ended March 31, 2018

| | Unrestricted | Temporarily restricted | Total |
|--|---------------------|---------------------------|---------------------|
| Revenue and support: | | | |
| Contributions | \$ 3,588,382 | \$ 573,854 | \$ 4,162,236 |
| In-kind contributions | 299,609 | - | 299,609 |
| Other revenue | 6,664 | - | 6,664 |
| Net assets released from restrictions | 40,069 | (40,069) | - |
| Total revenue and support | 3,934,724 | 533,785 | 4,468,509 |
| Expenses: | | | |
| Program services | 2,791,927 | - | 2,791,927 |
| Fundraising | 475,090 | - | 475,090 |
| Management and general | 531,897 | - | 531,897 |
| Total expenses | 3,798,914 | - | 3,798,914 |
| Changes in net assets | 135,810 | 533,785 | 669,595 |
| Net assets at beginning of year | 894,614 | 40,069 | 934,683 |
| Net assets at end of year | \$ 1,030,424 | \$ 573,854 | \$ 1,604,278 |

See notes to financial statements.

Deaf Bible Society
Statement of Activities
Year Ended March 31, 2017

| | Unrestricted | Temporarily restricted | Total |
|--|--------------|---------------------------|--------------|
| Revenue and support: | | | |
| Contributions | \$ 1,504,788 | \$ 305,103 | \$ 1,809,891 |
| Other revenue | 229 | - | 229 |
| Net assets released from restrictions | 749,272 | (749,272) | - |
| Total revenue and support | 2,254,289 | (444,169) | 1,810,120 |
| Expenses: | | | |
| Program services | 1,574,966 | - | 1,574,966 |
| Fundraising | 67,649 | - | 67,649 |
| Management and general | 128,508 | - | 128,508 |
| Total expenses | 1,771,123 | - | 1,771,123 |
| Changes in net assets | 483,166 | (444,169) | 38,997 |
| Net assets at beginning of year | 411,448 | 484,238 | 895,686 |
| Net assets at end of year | \$ 894,614 | \$ 40,069 | \$ 934,683 |

See notes to financial statements.

Deaf Bible Society
Statements of Cash Flows
Years Ended March 31, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 669,595 | \$ 38,997 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 104,351 | 91,821 |
| Gain on disposal of assets | (6,223) | - |
| Noncash donations of intellectual property | (83,242) | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 96,856 | (107,241) |
| Prepaid expenses | (23,993) | (94) |
| Deposits | (25,528) | - |
| Inventory | (6,038) | - |
| Accounts payable | (13,520) | 94,057 |
| Accrued expenses and other liabilities | 61,787 | 6,040 |
| Deferred revenue | 163,996 | - |
| Net cash provided by operating activities | 938,041 | 84,583 |
| Cash flows from investing activities: | | |
| Proceeds from sale of furniture and equipment | 13,213 | - |
| Purchases of furniture and equipment | (69,415) | (44,664) |
| Purchases of intellectual property | (175,961) | - |
| Net cash used by investing activities | (232,163) | (44,664) |
| Net increase in cash | 705,878 | 78,916 |
| Cash at beginning of year | 562,029 | 483,113 |
| Cash at end of year | \$ 1,267,907 | \$ 562,029 |

See notes to financial statements.

Deaf Bible Society

Notes to Financial Statements

1. Organization

Deaf Bible Society (Organization) is a for-purpose Christian ministry dedicated to making the Bible freely available and easily accessible in every sign language. We are also committed to training leaders on how to use sign language scripture and engage their communities with the Bible. The ministry works in cooperation with Bible societies, churches, and mission groups worldwide. Deaf Bible Society is exempt from income taxes under the Internal Revenue Code (IRC) Section 501(c)(3) and is governed by a board of directors. The Organization is primarily supported by contributions from individuals and other organizations.

The Organization's primary exempt purpose is to offer free access to the Bible in every sign language. The Organization believes that the Great Commission is true for all people, including the Deaf. We believe the Deaf have a right to access the Bible in their sign language resulting in a personal relationship with God and community within the Church.

The Organization's mission is to provide God's Word in every sign language. Our vision is to create locally sustainable great commission initiatives amongst the Deaf to reveal the hope of the Gospel, so that every Deaf person has the opportunity to receive, experience, and share it.

Through partnership, the Organization has actively developed a global directory of advocates for the Deaf. We provide many Deaf an opportunity to see the Gospel in their sign languages, so they can come to know and understand the ultimate Advocate- Jesus Christ.

We balance these efforts by keeping the following organizational core values in mind to advance sign language Bible translation and engagement.

- God First
- Servant Hearted
- Deaf Centric
- Legacy
- Innovation
- Stewardship

Of the more than 400 known sign languages, not one has a full Bible. We know that Christian communities thrive when they have access to and encouragement with God's Word. This is why the Organization exists. From developing the Deaf Bible App in 2012, to launching as an independent 501(c)(3) nonprofit organization in 2015, Deaf Bible Society diligently works with partners far and wide in the following areas to reach the world's Deaf with the Gospel:

- Accelerate the translation of Scripture into sign languages.
- Create new tools and technology for Deaf people to access and engage with God's Truth.
- Train and equip new Deaf leaders to develop Scripture-engaged communities.

Deaf Bible Society

Notes to Financial Statements

Translation Acceleration

The Organization bridges the divide between partners with written translation expertise and the unique needs of sign language translation. Nearly 30 sign languages have some Scripture translated. In fiscal year ended March 31, 2018, we were able to engage/embark/establish three new and sixteen ongoing sign language Bible Translation projects. Our goal over the next 3 years is to make Scripture available in 50 more sign languages to Deaf communities worldwide.

Tools and Technology

There are many challenges in trying to reach the intended audience. One that has been overlooked, ignored, or hidden away. This year updates were made to the Deaf Bible app and online platform, Deaf Bible Network, Deaf Church Where, and Chameleon. These are just a few of the emerging tools and technology being worked on to reach the Deaf with the Gospel. In 2017-2018, thousands of people were engaged with the Deaf Bible via our mobile application and online resources. We were able to engage over 400 Deaf churches/ministries within the United States.

Scripture Engagement

For continued Scripture engagement efforts to be sustainable among Deaf communities, future leaders will need to be trained and equipped. In 2017-2018 we were able to train over 230 Deaf Leaders. We also distributed content in 26 sign languages in more than 10 countries, these languages have the capacity to reach more than 20 million Deaf with the opportunity of heart language Bible access. As these Deaf leaders rise up, a solid foundation is being built for them to lead the way in establishing sign language Scripture engagement programs.

Being that the Deaf are one of the last unreached people group with the Gospel and that only 2% of the world's 70 Million Deaf people have ever experience the Gospel message in their heart language, the above-mentioned efforts are changing these starting statistics. A unified movement has begun and continues to function as to ensure the Deaf are part of the Great Commission command.

This past year, the Organization served as an advocate for the Deaf with one goal in mind: providing opportunities for the Deaf to see God's Word in their sign language.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Deaf Bible Society

Notes to Financial Statements

Financial Statement Presentation

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

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purpose. The Organization did not have any permanently restricted net assets as of March 31, 2018 or 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and accounts receivable. Cash is placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various donors and employees. The Organization continually evaluates the collectability of account receivable and maintains allowances for potential losses, if considered necessary.

The Organization maintains its cash balances with high credit quality financial institutions located in Texas, which at times may exceed federally insured limits. Balances at financial institutions exceeded federally insured amounts by \$1,152,756 at March 31, 2018. The Organization has not incurred any losses in these accounts, and does not believe that they are exposed to any significant credit risk on cash.

Accounts Receivable

Unconditional promises to give which are expected to be collected within one year are recorded at net realizable value. The Organization does not anticipate any uncollectible promises to give based on historical experience and partnership agreements established with the organizations.

Deaf Bible Society

Notes to Financial Statements

Accounts receivable totaled \$10,385 and \$107,241 for the years ended March 31, 2018 and 2017, respectively. At March 31, 2018 the entirety of accounts receivable was made up of travel advances to employees. At March 31, 2017 accounts receivable consisted of \$104,255 and \$2,986 of promises to give to the Organization and travel advances to employees, respectively.

Property and Equipment

Property and equipment that is purchased is recorded at cost and depreciated over the estimated useful lives using the straight-line method over a life of 3 to 20 years.

Donations of property and equipment are recorded as support at their fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment exceeding \$1,000 are capitalized and are stated at cost less accumulated depreciation. Maintenance and repairs that do not significantly improve or extend the lives of the furniture and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the statements of activities.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized as revenue when the conditions are substantially met.

Donated services and rent are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions.

Deaf Bible Society

Notes to Financial Statements

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3), except to the extent it has unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the IRC. For the years ended March 31, 2018 and 2017, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

3. Property and Equipment

Property and equipment consist of the following at March 31:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Equipment | \$ 140,739 | \$ 94,565 |
| Website | 155,106 | 155,106 |
| Video recordings | 271,500 | 271,500 |
| Video recordings - in progress | 28,800 | 16,200 |
| Software - in progress | 156,604 | - |
| Intellectual property | 90,000 | - |
| | 842,749 | 537,371 |
| Less accumulated depreciation and amortization | <u>(234,188)</u> | <u>(146,087)</u> |
| | <u>\$ 608,561</u> | <u>\$ 391,284</u> |

Depreciation and amortization expense for the years ended March 31, 2018 and 2017, totaled \$104,351 and \$87,230, respectively.

Deaf Bible Society
Notes to Financial Statements

4. In-kind Contributions

During the years ended March 31, 2018 and 2017, the Organization received in-kind donations as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------|-------------------|-------------|
| Professional services | \$ 251,609 | \$ - |
| Rent | 48,000 | - |
| | <u>\$ 299,609</u> | <u>\$ -</u> |

The estimated fair market value of these donations is reflected in the accompanying statements and supplementary information as in-kind contributions, intellectual property assets, translation and ministry services expense, and occupancy expense.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of March 31:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-------------------|------------------|
| Sign language video recordings | \$ - | \$ 40,069 |
| Translation | 383,105 | - |
| Conferences | 8,500 | - |
| Scripture engagement | 182,249 | - |
| | <u>\$ 573,854</u> | <u>\$ 40,069</u> |

6. Lease Commitments

The Organization entered into a non-cancelable operating lease agreement with a commencement date of June 1, 2018, expiring in July 2023. Required minimum rental payments on an annual basis are as follows for the years ending March 31:

| | |
|------------|------------|
| 2019 | \$ 157,144 |
| 2020 | 240,460 |
| 2021 | 247,712 |
| 2022 | 255,280 |
| 2023 | 262,972 |
| Thereafter | 88,512 |

Deaf Bible Society
Notes to Financial Statements

7. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of March 31, 2018 through July 10, 2018, which was the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

Supplementary Information

Deaf Bible Society
Statement of Functional Expenses
Year Ended March 31, 2018

| | Program services | Fundraising | Management and general | Total |
|------------------------------------|---------------------|-------------------|---------------------------|---------------------|
| Advertising and promotion | \$ 7,253 | \$ 17,884 | \$ 3,803 | \$ 28,940 |
| Translation and ministry services | 1,443,996 | - | - | 1,443,996 |
| Depreciation and amortization | 91,928 | 4,969 | 7,454 | 104,351 |
| Insurance | - | - | 6,496 | 6,496 |
| Accounting fee | - | - | 14,502 | 14,502 |
| Miscellaneous | 7,684 | 18,443 | 29,036 | 55,163 |
| Payroll taxes and fringe benefits | 131,220 | 20,615 | 37,288 | 189,123 |
| Professional services | 103,516 | 89,254 | 40,610 | 233,380 |
| Salaries and wages | 753,907 | 213,773 | 270,571 | 1,238,251 |
| Supplies and office | 17,493 | 6,327 | 53,841 | 77,661 |
| Occupancy | 34,782 | 13,261 | 18,322 | 66,365 |
| Travel, meetings and entertainment | 200,148 | 90,564 | 49,974 | 340,686 |
| Total expenses | <u>\$ 2,791,927</u> | <u>\$ 475,090</u> | <u>\$ 531,897</u> | <u>\$ 3,798,914</u> |

Deaf Bible Society
Statement of Functional Expenses
Year Ended March 31, 2017

| | Program services | Fundraising | Management and general | Total |
|------------------------------------|---------------------|------------------|---------------------------|---------------------|
| Advertising and promotion | \$ 18,293 | \$ 1,016 | \$ 1,016 | \$ 20,325 |
| Translation and ministry services | 477,776 | - | - | 477,776 |
| Depreciation and amortization | 87,230 | - | 4,591 | 91,821 |
| Insurance | 1,525 | 1,525 | 2,033 | 5,083 |
| Accounting fee | 4,417 | 4,417 | 5,890 | 14,724 |
| Miscellaneous | 6,603 | 534 | 534 | 7,671 |
| Payroll taxes and fringe benefits | 83,177 | 10,397 | 10,397 | 103,971 |
| Professional services | 136,338 | 222 | 222 | 136,782 |
| Rental | 13,386 | 1,673 | 1,673 | 16,732 |
| Repairs and maintenance | 23,170 | 1,287 | 1,287 | 25,744 |
| Salaries and wages | 427,657 | 40,340 | 94,627 | 562,624 |
| Supplies and office | 21,584 | 1,199 | 1,199 | 23,982 |
| Occupancy | 15,324 | 1,847 | 1,847 | 19,018 |
| Travel, meetings and entertainment | 258,486 | 3,192 | 3,192 | 264,870 |
| Total expenses | <u>\$ 1,574,966</u> | <u>\$ 67,649</u> | <u>\$ 128,508</u> | <u>\$ 1,771,123</u> |