

DEAF BIBLE SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2016



Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

**DEAF BIBLE SOCIETY
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YEAR ENDED MARCH 31, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Deaf Bible Society
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements for Deaf Bible Society, which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and changes in net assets, 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 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 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 Deaf Bible Society as of March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
September 21, 2016

**DEAF BIBLE SOCIETY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 483,113
Total Current Assets	<u>483,113</u>

PROPERTY AND EQUIPMENT

Machinery and Equipment	221,207
Less: Accumulated Depreciation and Amortization	<u>(31,913)</u>
Total Property and Equipment	189,294

RECORDINGS, LITERATURE, AND LICENSES,

Net of Accumulated Amortization of \$22,353	<u>249,147</u>
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Total Assets	<u><u>\$ 921,554</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 11,721
Accrued Expenses and Other Liabilities	14,147
Total Current Liabilities	<u>25,868</u>

NET ASSETS

Unrestricted	411,448
Temporarily Restricted	484,238
Total Net Assets	<u>895,686</u>

Total Liabilities and Net Assets	<u><u>\$ 921,554</u></u>
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See accompanying Notes to Financial Statements.

DEAF BIBLE SOCIETY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, SUPPORT, AND OTHER INCOME			
Contributions	\$ 1,309,270	\$ 484,238	\$ 1,793,508
Other Revenue and Support	220	-	220
Total Revenues and Public Support	<u>1,309,490</u>	<u>484,238</u>	<u>1,793,728</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	-	-	-
EXPENSES			
Program Services	788,388	-	788,388
Fundraising	51,676	-	51,676
Management and General	57,978	-	57,978
Total Expenses	<u>898,042</u>	<u>-</u>	<u>898,042</u>
CHANGES IN NET ASSETS	411,448	484,238	895,686
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 411,448</u>	<u>\$ 484,238</u>	<u>\$ 895,686</u>

See accompanying Notes to Financial Statements.

**DEAF BIBLE SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 895,686
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	54,266
Accrued Expenses	14,147
Accounts Payable	11,721
Net Cash Provided by Operating Activities	80,134

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(492,707)
Net Cash Used by Investing Activities	(492,707)

NET INCREASE IN CASH AND CASH EQUIVALENTS

483,113

Cash and Cash Equivalents - Beginning of Year

-

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 483,113

SUPPLEMENTAL DATA

*Amounts included in depreciation and amortization expense on the Statement of Functional Expenses are presented net of amounts allocated to Cost of Goods Produced.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 1 NATURE OF BUSINESS

Deaf Bible Society 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

Primary Exempt Purpose

To make God's Word available to the deaf around the world, offering free access to the Bible in every sign language.

Mission and Program Objectives and Accomplishments

Our Mission is to provide God's Word in every sign language. Motivated by the Great Commission; Deaf Bible Society seeks to reveal the hope of the gospel in Jesus Christ, so that every deaf person has the opportunity to receive, experience, and share it.

Our Program reveals four Pillars in advancing sign language Bible translation and engagement.

D EAF AWARENESS

E DUCATION

A CCESS

F UNding

D EAF AWARENESS

In 2015-2016, Deaf Bible Society was able to work with other organizations to complete standards for sign language Bible translation, and develop a format to be used for Chronological Bible Translation. We were also able to spread education and awareness at the following events.

North America: Deaf Bible Society Presentations at major functions;

Josiah: Deaf Bible Society was presented at JOSIAH, a major donor event. This was the first event in which Deaf Bible Society, its reasoning, purpose, and intention, was shared.

Issachar: Deaf Bible Society participated in this key leader summit, building strong relationships with key leaders to promote sign language translation work from a global perspective.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 1 NATURE OF BUSINESS (CONTINUED)

D EAF AWARENESS (CONTINUED)

Finishing The Task: Deaf Bible Society presented at this event hosted by Rick Warren at Saddleback Church. It was attended by a few hundred key ministry and church leaders who were able to hear about the great needs concerning the deaf. Ongoing conversations generated from this event are taking place, generating support as well as partnership in reaching the deaf with God's Word in sign language.

Forum of Bible Agency International (FOBAI): This annual event, held in Rochester, NY, reached a historic milestone during its 2016 gathering of Bible translation organizations from around the world. The Deaf Bible Society team led and participated in the initiating movement, which served as the catalyst among the organizations to establish translation standards for sign language Bible projects (pending final approval from FOBAI Executive Committee).

UBS World Assembly: There were 500 leaders from various Bible societies in attendance. Deaf Bible Society shared the needs of the deaf community, the mission of Deaf Bible Society, and its desire for sign language partnership and support from other Bible societies. Many new partnerships have developed with various societies, as well as a strengthened partnership with Deaf Bible Society.

E DUCATION

In 2015-2016, over 50,000 people were engaged with the Deaf Bible app via face to face contact at various expos, conferences, and marketplaces. Huge milestones of education on the needs and resources currently available to the deaf were provided. There were over 200,000 installs of the Deaf Bible app, with another 600,000 users accessing the Deaf Bible via the web.

North America:

DeafNation Expos: Deaf Bible Society participated in 9 DeafNation Expos including the DeafNation World Expo, where over 22,000 people were exposed to the Sign Language Bible cause and Deaf Bible App. At these events, numerous workshops and Deaf Bible Together programs were conducted.

First-Ever Deaf Bible Conference: This conference, developed and led by Deaf Bible Society, was held in Houston, Texas. Over 75 churches participated in this conference, which consisted of worship, devotions, fellowship, the sharing of impact stories, resource and development training, Deaf Bible Together Scripture engagement programs, and a sermon—all in American Sign Language (ASL).

North America Deaf Leader Forum: This event was held in Council Bluffs, Iowa, to openly discuss and develop strategy around how to engage the deaf in North America.

Asia: At the Asia-Pacific Sign language Development Association (APSDA) translation workshop and board meeting, Deaf Bible Society presented on translation acceleration and digital distribution of Deaf Bible content.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 1 NATURE OF BUSINESS (CONTINUED)

E DUCATION (CONTINUED)

Poland: At the European Deaf Christian Pastor/Leaders Workshop (EDCPLW) 2016 Conference, Deaf Bible Society met with representatives from several European countries regarding Deaf Bible translation issues and offered solutions.

Additional North American events that have further educated and engaged both the deaf and hearing communities include Deaf Men's Gathering, Harvest Crusade, Deaf Retreats and Conferences, and others, which were attended to expose over 2,300 people to Deaf Bible. These events promoted the Deaf Bible app and how it can be utilized in a variety of contexts.

A CCESS

Bible content was made available in over 20 of the world's 400 sign languages, and was distributed through digital and traditional devices all over the world. In the span of a year, Bible access has increased by nearly 100 percent. This incredible growth, along with the country activities listed below, point to the ever-growing engagement with Deaf Bible content around the globe.

Africa: Over 3,000 micro-SD cards have been distributed in Kenya, Ethiopia, and Tanzania. In Ethiopia, Deaf Bible Society led a scripture engagement and leadership workshop to inspire the organic movement of Deaf Bible Together groups for this region.

China: Deaf Bible Society has been working closely with the translation team on this continuing project. This translation team currently has 77 drafts completed.

India: This year, partnerships with various organizations have formed to help with the future distribution of SD cards throughout this region that will launch Deaf Bible Together programs.

United Kingdom: Deaf Bible Society is working closely with the British Sign Language translation team to jumpstart a stalled project. We are working to support the translation team and leverage the six chapters that were previously created over a span of ten years

South Africa: Deaf Bible Society met with the South African Sign Language (SASL) translation team to discuss future partnership and support. They currently have 32 portions of the Chronological Bible Translation complete, and are awaiting the arrival of a consultant for the work to be finalized.

F UNDIRG

Australia: Deaf Bible Society met with the Auslan Sign Language Bible translation team to discuss their future funding needs to complete their project. They currently have a couple of books completed.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 1 NATURE OF BUSINESS (CONTINUED)

FUNDING (CONTINUED)

Africa and South Africa: Deaf Bible Society met with local partners and translation organizations to collaborate and develop solutions for meeting the needs of the Deaf in South Africa, with the primary need to complete the South African Sign Language (SASL) translation. Deaf Bible Society also met with the General Secretary of the South African Bible Society, along with the Director of Translation at Word for World, to discuss future support of their ongoing projects and growing their current translation team to begin a new project in Namibia. Jesus Christ was proclaimed Lord to the literate and illiterate through Scripture-in-use and other programs in the U.S. and other parts of the world.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements are presented in accordance with the accounting and reporting standards required by FASB ASC 958, *Not for Profit Entities*. FASB ASC 958 requires Deaf Bible Society to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – represent those unrestricted donations that Deaf Bible Society has received and has fulfilled or completed the restrictions on. Unrestricted net assets are not subject to any further donor-imposed restrictions.

Temporarily restricted net assets – represent net assets subject to donor-imposed stipulations that can be fulfilled by actions of Deaf Bible Society or the passage of time, pursuant to those stipulations. They would also include the fair market value adjustment to permanent funds and related activities.

Permanently restricted net assets – result from donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of Deaf Bible Society. This amount would represent the original gift value.

No permanently restricted net assets were held during 2016, and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, Deaf Bible Society considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and Temporarily Restricted Net Asset Balances

Large increases in cash and temporarily restricted net asset balances can result from donations received close to the fiscal year end, or from restricted donations that carry longer time requirements to fulfill the donor's restrictions.

Donated Assets and Services

Donated services are recognized as contributions in accordance with financial accounting standards, if the services create or enhance non-financial assets and require specialized skills provided by individuals possessing those skills, and would otherwise be purchased by Deaf Bible Society.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all repairs, maintenance, renewals and betterments that materially prolong the assets' useful lives are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, ranging from 3 to 20 years.

Impairment of Long-lived Assets and Long-lived Assets to be Disposed of

Deaf Bible Society reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell. Management believes all assets are recoverable and no impairment was recorded in the current year.

Recordings

Deaf Bible Society incurs substantial costs in developing, recording and mastering indigenous Sign Language Bible videos for program distribution. All direct and applicable indirect costs of developing and acquiring these Sign Language Bible videos are capitalized. Based on experience and research of other organizations performing similar functions, such costs are amortized over 20 years on the straight-line basis.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions received are recorded as increases in permanently restricted, temporarily restricted or unrestricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Mission and program related sales revenue is recognized upon shipment of the product to the customer.

Functional Classification of Expenses

Deaf Bible Society presents its expenses on a functional basis among its various programs. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Shipping and Handling Costs

Costs incurred for shipping and handling are included in program costs as a component of the cost of sales. These costs were approximately \$1,383 in 2016.

Advertising

Advertising expense totaled approximately \$12,174 for the year ended March 31, 2016. Of this amount, approximately \$10,956 is included in program expense in the statement of functional expenses for the year ended March 31, 2016.

Income Taxes

Deaf Bible Society is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC. As such, their normal activities do not result in any income tax liability. Deaf Bible Society is classified as other than a private foundation.

Deaf Bible Society did not incur any unrelated business taxable income for the year ended March 31, 2016.

Conflicts of Interest / Private Inurement

Business activities or relationships by Board Members, Directors, Officers and employees that conflict with Deaf Bible Society's business interests are prohibited by policy.

Expense Approval

Reimbursable expense accounts are not used. All expense activity requires authorization and approval by two members of management.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Wages, Benefits and Compensations

Employee compensation is determined by a Board approved nondiscriminatory graded pay scale system with adjustments for merit and tenure. Each position contains grade level evaluations of the individual job requirements for education/mental ability; physical/emotional capacity; skill/experience levels; authority/responsibility parameters; and work condition/performance conformity. Compensation to any employees related to upper management is disclosed in the corporate 990 return in compliance with IRS regulations.

Subsequent Events

Management evaluated subsequent events through September 21, 2016, the date the financial statements were available to be issued. Events or transactions occurring after March 31, 2016, but prior to September 21, 2016, that provided additional evidence about conditions that existed at March 31, 2016 have been recognized in the financial statements for the year ended March 31, 2016. Events or transactions that provided evidence about conditions that did not exist at March 31, 2016 but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended March 31, 2016.

NOTE 3 RECORDINGS, LITERATURE, AND LICENSES

Recordings consisted of the following at March 31:

Recordings:	
Video Recordings	\$ 271,500
Total Recordings	<u>271,500</u>
Less: Accumulated Amortization	(22,353)
Net Recordings, Literature and Licenses	<u>\$ 249,147</u>

Recordings and the related components are all amortized over a useful life of 20 years. Amortization expense for the year ended March 31, 2016 was \$22,353.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Deaf Bible Society Programs:	
Sign Language Video Recordings	\$ 31,203
Deaf Bible Watch Programs	134,968
Deaf Bible Society Operation	318,067
Total Temporarily Restricted Net Assets	<u>\$ 484,238</u>

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets are released from donor restrictions by conducting the programs for which they were restricted as costs are incurred in amounts representing actual costs plus certain indirect costs. Other programs provide for the release of restrictions as costs are incurred in these programs in an amount representing management's estimate of actual costs incurred plus certain indirect costs. .

NOTE 5 OPERATING LEASES

Deaf Bible Society leases certain equipment and space under short-term operating leases. There were no minimum rental commitments as of March 31, 2016. Rent expense for the year ended March 31, 2016 was \$21,176.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Cash deposits at a financial institution exceed the federal insured limit of \$250,000 at March 31, 2016. Deaf Bible Society has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

NOTE 7 MAJOR DONORS

Deaf Bible Society relied on the National Christian Foundation as the main contributor for a total of 78% of total contributions for the year ended March 31, 2016. Management anticipates that contributor concentrations will continue, but the makeup will differ.

**DEAF BIBLE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2016**

	Supporting Services				Total Functional Expenses
	Program Services	Fund- Raising	Management and General	Total Supporting Services	
EXPENSES					
Advertising and Promotion	\$ 10,956	\$ 609	\$ 609	\$ 1,218	\$ 12,174
Cost of Goods Produced *	16,736	-	-	-	16,736
Depreciation and Amortization	29,846	3,314	3	3,317	33,163
Deaf Bible Society Programs	177,007	-	-	-	177,007
Insurance	-	1,948	5,843	7,791	7,791
Miscellaneous Expense	2,217	123	123	246	2,463
Payroll Taxes and Fringe Benefits	59,759	3,684	4,695	8,379	68,138
Professional Services	46,760	2,114	2,573	4,687	51,447
Rental Expenses	19,058	1,059	1,059	2,118	21,176
Repairs and Maintenance	27,990	2,771	2,771	5,542	33,532
Salaries and Wages	255,658	14,678	27,986	42,664	298,322
Supplies and Artwork Expenses	703	38	38	76	779
Telephone, Office Rent and Utilities	21,033	9,357	2,757	12,114	33,147
Travel, Meetings and Entertainment	120,665	11,981	9,521	21,502	142,167
Total Expenses	\$ 788,388	\$ 51,676	\$ 57,978	\$ 109,654	\$ 898,042

* Also includes amounts allocated from other natural categories as part of manufacturing overhead, including depreciation and amortization.