

DEAF BIBLE SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**DEAF BIBLE SOCIETY
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YEAR ENDED MARCH 31, 2017 AND 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 statements of financial position as of March 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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 audits 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, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses are presented for purposes 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 audits 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 26, 2017

**DEAF BIBLE SOCIETY
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016**

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 562,029	\$ 483,113
Accounts Receivable	107,241	-
Prepaid Expenses	94	-
Total Current Assets	669,364	483,113
PROPERTY AND EQUIPMENT		
Machinery and Equipment	249,671	221,207
Less: Accumulated Depreciation and Amortization	(106,901)	(31,913)
Total Property and Equipment	142,770	189,294
RECORDINGS, LITERATURE, AND LICENSES,		
Net of Accumulated Amortization of \$39,186 and \$22,353 for the Years Ending March 31, 2017 and 2016, Respectively	248,514	249,147
Total Assets	\$ 1,060,648	\$ 921,554
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 105,778	\$ 11,721
Accrued Expenses and Other Liabilities	20,187	14,147
Total Current Liabilities	125,965	25,868
NET ASSETS		
Unrestricted	894,614	411,448
Temporarily Restricted	40,069	484,238
Total Net Assets	934,683	895,686
Total Liabilities and Net Assets	\$ 1,060,648	\$ 921,554

See accompanying Notes to Financial Statements.

DEAF BIBLE SOCIETY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES, SUPPORT, AND OTHER INCOME			
Contributions	\$ 1,504,788	\$ 305,103	\$ 1,809,891
Other Revenue and Support	229	-	229
Total Revenues and Public Support	<u>1,505,017</u>	<u>305,103</u>	<u>1,810,120</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	749,272	(749,272)	-
EXPENSES			
Program Services	1,574,966	-	1,574,966
Fundraising	67,649	-	67,649
Management and General	128,508	-	128,508
Total Expenses	<u>1,771,123</u>	<u>-</u>	<u>1,771,123</u>
CHANGES IN NET ASSETS	483,166	(444,169)	38,997
Net Assets - Beginning of Year	<u>411,448</u>	<u>484,238</u>	<u>895,686</u>
NET ASSETS - END OF YEAR	<u>\$ 894,614</u>	<u>\$ 40,069</u>	<u>\$ 934,683</u>

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
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 38,997	\$ 895,686
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	91,821	54,266
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(107,241)	-
Prepaid Expenses	(94)	-
Accrued Expenses	6,040	14,147
Accounts Payable	94,057	11,721
Net Cash Provided by Operating Activities	84,583	80,134
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(44,664)	(492,707)
Net Cash Used by Investing Activities	(44,664)	(492,707)
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,916	483,113
Cash and Cash Equivalents - Beginning of Year	483,113	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 562,029	\$ 483,113

See accompanying Notes to Financial Statements.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 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 offer free access to the Bible in every sign language. Deaf Bible Society 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.

Mission and Program Objectives and Accomplishments

Our Mission is to provide God's Word in every sign language. The Great Commission motivates our vision, we seek to reveal the hope of the gospel in Jesus Christ, so that every deaf person has the opportunity to receive, experience, and share it.

Through partnership Deaf Bible Society, has actively developed a global directory of advocates for the Deaf. We provided 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 presentation in mind to advance sign language Bible translation and engagement (**DEAF**).

**D EAF AWARENESS
E DUCATION
A CCESS
F UNding**

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 Deaf Bible Society 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 worked 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
MARCH 31, 2017 AND 2016**

NOTE 1 NATURE OF BUSINESS (CONTINUED)

Translation Acceleration

Deaf Bible Society bridges the divide between partners with written translation expertise and the unique needs of sign language translation. Nearly 22 sign languages have some Scripture translated. In fiscal year March 31, 2017, we were able to engage/embark/establish eight new 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 & 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, Deaf Bible online, 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 2016-2017, thousands of people were engaged with the Deaf Bible via our mobile application and online resources. We were able to identify over 400 Deaf churches/ministries within the United States.

Scripture Engagement

For continued Scripture engagement effort to be sustainable among Deaf communities, future leaders will need to be trained and equipped. In 2016-17 we were able to train over 50 Deaf Leaders. We also distributed content in 22 sign languages in more than 10 countries, these languages have the capacity to reach 21 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, Deaf Bible Society 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.

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.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2017 and 2016, and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

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.

Accounts Receivable/ Promises to Give

Promises to give which are expected to be collected within one year are recorded at net realizable value. Deaf Bible Society does not anticipate any uncollectible promises to give based on historical experience and partnership agreements established with the organizations. Accounts receivable totaled \$107,241 for the year ended March 31, 2017. Of this amount, \$104,255 made up promises to give to Deaf Bible Society.

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.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 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.

Video 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.

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.

Advertising

Advertising expense totaled \$20,326 and \$14,475 for the years ended March 31, 2017 and 2016, respectively. Of this amount, \$18,293 and \$10,956 is included in program expense in the statement of functional expenses for the years ended March 31, 2017 and 2016, respectively.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 years ended March 31, 2017 and 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.

Subsequent Events

Management evaluated subsequent events through September 26, 2017, the date the financial statements were available to be issued. Events or transactions occurring after March 31, 2017, but prior to September 26, 2017, that provided additional evidence about conditions that existed at March 31, 2017 have been recognized in the financial statements for the year ended March 31, 2017. Events or transactions that provided evidence about conditions that did not exist at March 31, 2017 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, 2017.

NOTE 3 RECORDINGS, LITERATURE, AND LICENSES

Recordings consisted of the following at March 31:

	2017	2016
Recordings:		
Video Recordings	\$ 271,500	\$ 271,500
Video Recordings- In Progress	16,200	-
Total Recordings	287,700	271,500
Less: Accumulated Amortization	(39,186)	(22,353)
Net Recordings, Literature and Licenses	\$ 248,514	\$ 249,147

Recordings and the related components are all amortized over a useful life of 20 years. Amortization expense for the years ended March 31, 2017 and 2016 was \$39,186 and \$22,353, respectively.

**DEAF BIBLE SOCIETY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Deaf Bible Society Programs:		
Sign Language Video Recordings	\$ 40,069	\$ 31,203
Deaf Bible Watch Programs	-	134,968
Deaf Bible Society Operation	-	318,067
Total Temporarily Restricted Net Assets	<u>\$ 40,069</u>	<u>\$ 484,238</u>

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 years ended March 31, 2017 and 2016 was \$16,733 and \$22,000, respectively.

NOTE 6 CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

Cash deposits at a financial institution exceed the federal insured limit of \$250,000 at March 31, 2017. Deaf Bible Society has not experienced, and believes it is not exposed to, significant credit risk from these deposits.

Deaf Bible Society entered into an arrangement during the fiscal year, with The Seed Co. whereby they are provided office space for its use at no cost. The Organization has not reflected the value of the contributed in-kind or the associated expense in its financial statements for the years ended March 31, 2017 and 2016.

NOTE 7 MAJOR DONORS

Deaf Bible Society relied on major contributors for a total of 74% and 78% of total contributions for the years ended March 31, 2017 and 2016, respectively. Management anticipates that contributor concentrations will continue, but the makeup will differ.

**DEAF BIBLE SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017**

	Supporting Services				Total Functional Expenses
	Program Services	Fund- Raising	Management and General	Total Supporting Services	
EXPENSES					
Advertising and Promotion	\$ 18,293	\$ 1,016	\$ 1,016	\$ 2,032	\$ 20,325
Direct Program Expenses	477,776	-	-	-	477,776
Depreciation and Amortization	87,230	-	4,591	4,591	91,821
Insurance	1,525	1,525	2,033	3,558	5,083
Accounting Fee	4,417	4,417	5,890	10,307	14,724
Miscellaneous Expense	6,603	534	534	1,068	7,671
Payroll Taxes and Fringe Benefits	83,177	10,397	10,397	20,794	103,971
Professional Services	136,338	222	222	444	136,782
Rental Expenses	13,386	1,673	1,673	3,346	16,732
Repairs and Maintenance	23,170	1,287	1,287	2,574	25,744
Salaries and Wages	427,657	40,340	94,627	134,967	562,624
Supplies and Artwork Expenses	21,584	1,199	1,199	2,398	23,982
Telephone, Office Rent and Utilities	15,324	1,847	1,847	3,694	19,018
Travel, Meetings and Entertainment	258,486	3,192	3,192	6,384	264,870
Total Expenses	\$ 1,574,966	\$ 67,649	\$ 128,508	\$ 196,157	\$ 1,771,123

**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