

Pioneer



Bible Translators

Financial Statements
With Independent Auditors' Report

December 31, 2015 and 2014

PIONEER BIBLE TRANSLATORS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pioneer Bible Translators
Dallas, Texas

We have audited the accompanying financial statements of Pioneer Bible Translators, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Pioneer Bible Translators
Dallas, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Bible Translators as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Dallas, Texas
May 9, 2016

PIONEER BIBLE TRANSLATORS

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 5,974,331	\$ 4,972,928
Investments	1,298,975	898,927
Accounts receivable	45,469	162,036
Other assets	124,492	125,283
	<u>7,443,267</u>	<u>6,159,174</u>
Property and equipment—net	<u>2,689,602</u>	<u>2,778,893</u>
Total Assets	<u>\$ 10,132,869</u>	<u>\$ 8,938,067</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 204,107	\$ 207,912
Funds held for others	246,285	256,833
	<u>450,392</u>	<u>464,745</u>
Net assets:		
Unrestricted:		
Undesignated	893,502	1,213,635
Equity in property and equipment	2,689,602	2,778,893
	<u>3,583,104</u>	<u>3,992,528</u>
Temporarily restricted	<u>6,099,373</u>	<u>4,480,794</u>
	<u>9,682,477</u>	<u>8,473,322</u>
Total Liabilities and Net Assets	<u>\$ 10,132,869</u>	<u>\$ 8,938,067</u>

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Cash contributions	\$ 610,375	\$ 10,865,020	\$ 11,475,395	\$ 401,808	\$ 10,041,138	\$ 10,442,946
	610,375	10,865,020	11,475,395	401,808	10,041,138	10,442,946
Revenue:						
Rental income	63,889	-	63,889	89,116	-	89,116
Interest and dividends	16,393	-	16,393	11,290	-	11,290
Other revenue	156,277	-	156,277	112,221	-	112,221
	236,559	-	236,559	212,627	-	212,627
Total Support and Revenue	846,934	10,865,020	11,711,954	614,435	10,041,138	10,655,573
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	9,246,441	(9,246,441)	-	9,042,171	(9,042,171)	-
EXPENSES:						
Program services:						
Bible translation and literacy	6,915,042	-	6,915,042	6,005,291	-	6,005,291
Recruitment and training	846,333	-	846,333	708,726	-	708,726
Missionary care	240,534	-	240,534	247,070	-	247,070
	8,001,909	-	8,001,909	6,961,087	-	6,961,087
Supporting activities:						
Management and general	1,598,790	-	1,598,790	1,506,045	-	1,506,045
Fund-raising	902,100	-	902,100	664,590	-	664,590
	2,500,890	-	2,500,890	2,170,635	-	2,170,635
Total Expenses	10,502,799	-	10,502,799	9,131,722	-	9,131,722
Change in Net Assets	(409,424)	1,618,579	1,209,155	524,884	998,967	1,523,851
Net Assets, Beginning of Year	3,992,528	4,480,794	8,473,322	3,467,644	3,481,827	6,949,471
Net Assets, End of Year	\$ 3,583,104	\$ 6,099,373	\$ 9,682,477	\$ 3,992,528	\$ 4,480,794	\$ 8,473,322

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,209,155	\$ 1,523,851
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Depreciation	258,279	221,603
Unrealized loss on translation adjustment	127,544	-
Gains on sales of property and equipment	(4,369)	(18,375)
Contributions restricted for long-term purposes	(450,313)	(477,556)
Change in operating assets and liabilities:		
Accounts receivable	116,567	(30,046)
Other assets	791	(27,164)
Accounts payable	(3,805)	(26,274)
Funds held for others	(10,548)	39,214
Net Cash Provided by Operating Activities	1,243,301	1,205,253
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(850,048)	(499,307)
Proceeds from sale of investments	450,000	99,739
Proceeds from sales of property and equipment	17,604	19,500
Purchases of property and equipment	(309,767)	(272,359)
Net Cash Used by Investing Activities	(692,211)	(652,427)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	450,313	477,556
Net Cash Provided by Financing Activities	450,313	477,556
Net Change in Cash and Cash Equivalents	1,001,403	1,030,382
Cash and Cash Equivalents, Beginning of Year	4,972,928	3,942,546
Cash and Cash Equivalents, End of Year	\$ 5,974,331	\$ 4,972,928

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION:

Pioneer Bible Translators (PBT) is a Texas nonprofit organization classified as a 501(c)(3) religious organization by the United States Internal Revenue Service. As such, it is exempt from U.S. federal and state income tax, and contributions by the public are deductible for income tax purposes.

PBT represents an international outreach organization dedicated to completing the task of world evangelization through Bible translation for every language.

PBT's objective is to recruit, train, and equip men and women to advance the Kingdom of God in specific areas of the world. This is carried out through evangelizing, discipling, church planting (where needed), and existing missions support. PBT assists in the educational, scientific, and religious development of the minority and tribal peoples of the world by developing a written form of their languages. To accomplish this, PBT engages in translating and printing the Scriptures in the various languages and by aiding in literacy and educational, scientific, and religious training.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of PBT have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis, the value of donated goods and services, and estimated useful lives of long-lived assets.

PRINCIPLES OF REPORTING WORLD WIDE MINISTRY

The financial statements report the worldwide ministries of PBT, including material assets, liabilities, net assets, revenues, and expenses of its fields of service around the world.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents may include cash, checking, savings, and money market accounts as well as certificates of deposit and debt securities with original maturity dates of less than three months. These accounts may, at times, exceed the federally insured limits. PBT has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of certificates of deposit with original maturity dates of more than three months which are recorded at cost which approximates fair value. Interest rates range from .2% to .6%.

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. When available, PBT measures fair value using Level 1 inputs because they provide the most reliable evidence of fair value. There were no Level 1 inputs at the years ended December 31, 2015 and 2014, which are based on unadjusted quoted market prices for identical assets. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. As of December 31, 2015 and 2014, certificates of deposit were Level 2 inputs, based upon estimates provided by the broker and may nor may not reflect the fair value of the financial instrument. There were no Level 3 inputs at December 31, 2015 or 2014, which are based on unobservable inputs.

ACCOUNTS RECEIVABLE

Accounts receivable are composed of revenues receivable for various services performed for other ministries. In addition, it consists of advances that reflect nonrevenue balances due from missionaries and affiliated organizations. Management has not established an allowance for doubtful accounts as it believes all amounts are fully collectible.

PROPERTY, EQUIPMENT, AND DEPRECIATION

Assets capitalized as property and equipment are recorded at cost or, if donated, at market value on the date of donation. PBT capitalizes assets with a cost basis of \$5,000 or greater. Depreciation is recorded on the straight-line basis over the following estimated useful lives:

Buildings	18 to 25 years
Furniture, fixtures, and equipment	5 to 10 years
Vehicles	3 to 5 years

NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for operations under the direction of the board or resources invested in property and equipment.

Temporarily restricted net assets are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to PBT.

PBT reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as satisfaction of purpose restrictions.

Motivation for giving results as God moves on the hearts of individuals. It views faith promises as an expression of a desire to give based on God's future provision. Faith promises received are not recognized as contributions in the financial statements as all conditions rest with the donor, and the donor reserves the right to modify the promise.

Gifts of property and equipment are classified as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Donated services are recognized for those services that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses). Amounts are valued at equivalent local labor rates in the area of the country where the services were provided.

CURRENCY CONVERSION

Each field receives cash in U.S. Dollars that is converted into local currency. The exchange rate provided by the local bank is used for all expenses incurred with those funds. As a result, PBT has currency gains and losses reported in the statements of activities. Fixed assets purchased with local currency are revalued annually in accordance with PBT's depreciation policies. Total currency conversion of \$193,269 and \$9,136 was included in expenses for the years ended December 31, 2015 and 2014, respectively. Due to immateriality, these are reported as part of expenses for both years.

Expenses are recorded when costs are incurred.

ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

JOINT ACTIVITIES

Joint activities are conducted that included requests for contributions as well as program and management and general functions. Those activities included promotional mailings, missionary furloughs, and other informational activities. Of the total joint costs, costs attributable to missionaries on furlough, in training, and new recruits were \$3,139,527 and \$1,691,233 for the years ended December 31, 2015 and 2014, respectively. Total joint costs consist of the following:

	Year Ended December 31,	
	2015	2014
Program services	\$ 2,143,565	\$ 1,043,091
Management and general	566,839	371,576
Fund-raising	556,064	382,745
	<u>\$ 3,266,468</u>	<u>\$ 1,797,412</u>

ADVERTISING EXPENSES

Advertising expenses are expensed as incurred. Advertising expenses were approximately \$60,902 and \$13,600 for the years ended December 31, 2015 and 2014, respectively.

FOREIGN OPERATIONS

In connection with its international ministry, PBT maintains offices, Bible translation sites, and other supporting facilities in various countries outside the United States. As of December 31, 2015 and 2014, respectively, current assets in other countries, including cash, receivables, and prepaid expenses, totaled \$619,096 and \$609,438; property and equipment, net of accumulated depreciation, amounted to \$963,530 and \$1,041,515; and liabilities in other countries were \$213,546 and \$261,311. Total overseas support and revenue received from foreign sources amounted to \$123,593 and \$114,181 for the years ended December 31, 2015 and 2014, respectively. Foreign field operations include East Asia and the Pacific, Sub Saharan Africa, Russia, and neighboring states, South Asia, and Europe.

Management has reviewed the assets in other countries and, in its opinion, has determined they are under the control of PBT. For this reason such items are recognized as assets of PBT. However, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries. In addition, it should be understood that the assets in other countries may not be representative of the amount that would be realized should the assets be sold. Many of the assets were designed to carry out the specific programs of PBT, and might have limited resale potential.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2015, PBT had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

PBT files information tax returns in the U.S. and various states. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31, 2015		
	USA	Foreign	Total
Land	\$ 216,514	\$ 20,857	\$ 237,371
Buildings and improvements	1,826,686	1,517,125	3,343,811
Furniture, fixtures, and equipment	112,928	153,076	266,004
Vehicles	-	864,671	864,671
	<u>2,156,128</u>	<u>2,555,729</u>	<u>4,711,857</u>
Less accumulated depreciation	<u>(554,641)</u>	<u>(1,593,806)</u>	<u>(2,148,447)</u>
	<u>1,601,487</u>	<u>961,923</u>	<u>2,563,410</u>
Construction in progress	124,585	1,607	126,192
	<u>\$ 1,726,072</u>	<u>\$ 963,530</u>	<u>\$ 2,689,602</u>

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2015 and 2014

3. PROPERTY AND EQUIPMENT–NET, continued:

Property and equipment–net consist of:

	December 31, 2014		
	USA	Foreign	Total
Land	\$ 216,514	\$ 20,857	\$ 237,371
Buildings and improvements	1,826,686	1,514,239	3,340,925
Furniture, fixtures, and equipment	93,222	153,076	246,298
Vehicles	-	730,686	730,686
	<u>2,136,422</u>	<u>2,418,858</u>	<u>4,555,280</u>
Less accumulated depreciation	(460,549)	(1,377,343)	(1,837,892)
	<u>1,675,873</u>	<u>1,041,515</u>	<u>2,717,388</u>
Construction in progress	61,505	-	61,505
	<u>\$ 1,737,378</u>	<u>\$ 1,041,515</u>	<u>\$ 2,778,893</u>

Depreciation expense of \$258,279 and \$221,603 is included in the statements of activities for the years ended December 31, 2015 and 2014, respectively.

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2015	2014
Missionary support balances	\$ 3,375,316	\$ 2,926,959
Projects	1,291,347	893,331
Building Funds	995,710	530,814
Branch funds	437,000	129,690
	<u>\$ 6,099,373</u>	<u>\$ 4,480,794</u>

5. 403(B) RETIREMENT PLAN:

PBT offers a 403(b) retirement plan for missionaries. This plan is funded solely through salary reductions. Deferrals are not matched by PBT.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Pioneer Bible Translators
Dallas, Texas

We have audited the financial statements of Pioneer Bible Translators as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 9, 2016, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules 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 combined 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.

Capin Crouse LLP

Dallas, Texas
May 9, 2016

PIONEER BIBLE TRANSLATORS

Schedule of Functional Expenses

Year Ended December 31, 2015

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 4,519,395	\$ 1,185,862	\$ 641,984	\$ 6,347,241
Employee benefits	561,138	92,714	38,829	692,681
Travel	1,074,477	21,761	42,870	1,139,108
Occupancy and utilities	161,856	25,194	14,916	201,966
Communications	137,477	69,476	12,887	219,840
Office expenses	278,928	28,227	19,876	327,031
Professional development and training expenses	134,654	5,437	3,345	143,436
Professional fees	123,236	107,840	987	232,063
Postage and shipping	34,394	5,340	9,642	49,376
Depreciation	163,731	31,364	31,364	226,459
Other expenses	812,623	25,575	85,400	923,598
Total expenses	\$ 8,001,909	\$ 1,598,790	\$ 902,100	\$ 10,502,799
Percentage of total expenses	76.2%	15.2%	8.6%	100%

PIONEER BIBLE TRANSLATORS

Schedule of Functional Expenses

Year Ended December 31, 2014

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 4,175,267	\$ 1,157,081	\$ 473,179	\$ 5,805,527
Employee benefits	418,025	79,422	26,621	524,068
Travel	1,124,409	26,430	64,370	1,215,209
Occupancy and utilities	155,395	22,711	18,616	196,722
Communications	131,580	57,233	14,328	203,141
Office expenses	173,186	25,063	12,324	210,573
Professional development and training expenses	105,844	3,689	3,067	112,600
Professional fees	104,855	81,794	505	187,154
Postage and shipping	43,000	4,719	3,551	51,270
Depreciation	157,789	31,907	31,907	221,603
Other expenses	371,737	15,996	16,122	403,855
Total expenses	\$ 6,961,087	\$ 1,506,045	\$ 664,590	\$ 9,131,722
Percentage of total expenses	76.2%	16.5%	7.3%	100%