



PIONEER BIBLE TRANSLATORS

Financial Statements  
With Independent Auditors' Report

December 31, 2017 and 2016

# 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, 2017 and 2016, 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, 2017 and 2016, 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.

***Emphasis of Matter***

PBT has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the December 31, 2017 and 2016 financial statements.

*Capin Crouse LLP*

Grapevine, Texas  
May 11, 2018

# PIONEER BIBLE TRANSLATORS

## Statements of Financial Position

	December 31,	
	2017	2016
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 5,365,105	\$ 6,844,879
Cash held for others	210,061	242,885
Certificates of deposit	1,258,241	1,274,588
Accounts receivable	134,399	119,668
Other assets	124,826	119,799
	7,092,632	8,601,819
Property and equipment—net	5,738,071	3,424,073
<b>Total Assets</b>	<b>\$ 12,830,703</b>	<b>\$ 12,025,892</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 288,721	\$ 145,941
Construction costs payable	92,401	215,284
Funds held for others	210,061	242,885
	591,183	604,110
Net assets:		
Net Assets Without Donor Restrictions:		
Undesignated	687,766	1,886,705
Equity in property and equipment	5,738,071	3,424,073
	6,425,837	5,310,778
Net Assets With Donor Restrictions:		
Restricted by purpose or time	5,813,683	6,111,004
	12,239,520	11,421,782
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,830,703</b>	<b>\$ 12,025,892</b>

See notes to the financial statements

# PIONEER BIBLE TRANSLATORS

## Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Cash contributions	\$ 922,261	\$ 12,079,619	\$ 13,001,880	\$ 1,162,890	\$ 11,570,447	\$ 12,733,337
Revenue:						
Rental income	72,596	-	72,596	84,207	-	84,207
Interest and dividends	20,286	-	20,286	13,181	-	13,181
Other revenue	116,440	-	116,440	131,444	-	131,444
	209,322	-	209,322	228,832	-	228,832
Total Support and Revenue	1,131,583	12,079,619	13,211,202	1,391,722	11,570,447	12,962,169
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose						
restrictions	11,024,522	(11,024,522)	-	10,415,451	(10,415,451)	-
Assessment against restricted gifts						
	1,352,418	(1,352,418)	-	1,143,365	(1,143,365)	-
	12,376,940	(12,376,940)	-	11,558,816	(11,558,816)	-
<b>EXPENSES:</b>						
Program services:						
Bible translation and literacy	8,362,416	-	8,362,416	7,949,304	-	7,949,304
Recruitment and training	735,693	-	735,693	640,734	-	640,734
Missionary care	362,447	-	362,447	324,129	-	324,129
	9,460,556	-	9,460,556	8,914,167	-	8,914,167
Supporting activities:						
Management and general	1,858,460	-	1,858,460	1,633,675	-	1,633,675
Fund-raising	1,074,448	-	1,074,448	675,022	-	675,022
	2,932,908	-	2,932,908	2,308,697	-	2,308,697
Total Expenses	12,393,464	-	12,393,464	11,222,864	-	11,222,864
Change in Net Assets	1,115,059	(297,321)	817,738	1,727,674	11,631	1,739,305
Net Assets, Beginning of Year	5,310,778	6,111,004	11,421,782	3,583,104	6,099,373	9,682,477
Net Assets, End of Year	\$ 6,425,837	\$ 5,813,683	\$ 12,239,520	\$ 5,310,778	\$ 6,111,004	\$ 11,421,782

See notes to the financial statements

# PIONEER BIBLE TRANSLATORS

## Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 5,768,520	\$ 1,289,841	\$ 681,096	\$ 7,739,457
Employee benefits	624,057	132,184	38,566	794,808
Travel	1,209,099	22,633	193,836	1,425,568
Occupancy and utilities	243,041	90,451	-	333,492
Communications	151,533	88,035	3,176	242,744
Office expenses	204,212	59,502	13,293	277,007
Professional development and training expenses	125,369	19,840	3,675	148,884
Professional fees	154,890	92,467	2,030	249,387
Postage and shipping	42,038	7,383	14,568	63,989
Depreciation	170,726	33,622	33,622	237,971
Grant expense	592,798	-	-	592,798
Other expenses	174,272	22,502	90,586	287,360
<b>Total expenses</b>	<b>\$ 9,460,556</b>	<b>\$ 1,858,460</b>	<b>\$ 1,074,448</b>	<b>\$ 12,393,464</b>
Percentage of total expenses	76.3%	15.0%	8.7%	100%

See notes to the financial statements

# PIONEER BIBLE TRANSLATORS

## Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 5,295,124	\$ 1,184,350	\$ 495,616	\$ 6,975,090
Employee benefits	604,168	93,076	16,235	713,479
Travel	1,209,482	11,319	54,066	1,274,867
Occupancy and utilities	125,616	55,938	1,940	183,494
Communications	127,500	81,693	10,620	219,813
Office expenses	260,507	40,178	16,231	316,916
Professional development and training expenses	189,821	5,095	1,745	196,661
Professional fees	137,990	109,710	369	248,069
Postage and shipping	51,758	5,174	8,212	65,144
Depreciation	150,209	33,827	33,827	217,863
Grant expense	517,620	-	-	517,620
Other expenses	244,372	13,315	36,161	293,848
<b>Total expenses</b>	<b>\$ 8,914,167</b>	<b>\$ 1,633,675</b>	<b>\$ 675,022</b>	<b>\$ 11,222,864</b>
Percentage of total expenses	79.4%	14.6%	6.0%	100%

See notes to the financial statements



# PIONEER BIBLE TRANSLATORS

## Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 817,738	\$ 1,739,305
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Depreciation	261,568	253,207
Gains on sale of property and equipment	(5,655)	(10,105)
Contributions restricted for long-term purposes	(238,570)	(952,815)
Change in operating assets and liabilities:		
Accounts receivable	(14,731)	(74,199)
Other assets	(5,027)	4,693
Accounts payable	142,780	(58,166)
Construction costs payable	(215,284)	-
Net Cash Provided by Operating Activities	742,819	901,920
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of certificates of deposit	(21,862)	(775,000)
Proceeds from sale of certificates of deposit	38,208	799,387
Proceeds from sales of property and equipment	17,879	72,292
Purchases of property and equipment	(2,495,388)	(834,581)
Net Cash Used by Investing Activities	(2,461,163)	(737,902)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for long-term purposes	238,570	952,815
Net Change in Cash and Cash Equivalents	(1,479,774)	1,116,833
Cash and Cash Equivalents, Beginning of Year	6,844,879	5,728,046
Cash and Cash Equivalents, End of Year	\$ 5,365,105	\$ 6,844,879
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Property and equipment capitalized, not yet paid for	\$ 92,401	\$ 215,283

See notes to the financial statements

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

### 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. 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.

At December 31, 2017 and 2016, PBT's cash balances exceeded federally insured limits by \$4,825,166 and \$6,337,764, respectively.

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CERTIFICATES OF DEPOSIT

Certificates of deposit are carried at fair market value and have maturities greater than ninety days. Interest earned from certificates of deposit is recorded in the statements of activities in the year it is earned as interest and dividends. Fair value for certificates of deposit is based on quoted market values which is included as level 1 in the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification.

#### 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:

*Net assets without donor restrictions* are currently available for operations under the direction of the board or resources invested in property and equipment.

*Net assets with donor restrictions* 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, 2017 and 2016

### 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of purpose restrictions.

Contributions are charged an administrative assessment in order to offset the general fund's administrative costs. Each year, amounts are transferred from missionary and project funds to the general fund, ranging from 3% to 10%, and reported as reclassifications in the statements of activities.

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 net assets without donor restrictions 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 gains of \$1,441 and \$13,293, was included in expenses for the years ended December 31, 2017 and 2016, respectively. Due to immateriality, these are reported as part of expenses for both years.

Expenses are recorded when costs are incurred.

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### JOINT ACTIVITIES

Joint activities are conducted that included requests for contributions as well as program services and/or 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 \$965,130 and \$2,010,046 for the years ended December 31, 2017 and 2016, respectively. This year-over-year reduction in joint activities reflects PBT's compliance with the requirements of the Affordable Care Act (ACA). ACA regulations fundamentally revised the definitions of employees v. contractors. To comply with these revised definitions, PBT effectively eliminated the use of contract labor; individuals that had been contractors prior to ACA must now be formally brought on as employees. This has the corollary effect of converting what had been allocable joint activities costs (i.e., contractors) into direct expenses (i.e., employees). Total joint costs consist of the following:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Program services	\$ 619,115	\$ 1,481,615
Management and general	195,534	363,216
Fund-raising	342,589	410,419
	<u>\$ 1,157,238</u>	<u>\$ 2,255,250</u>

#### ADVERTISING EXPENSES

Advertising expenses are expensed as incurred. Advertising expenses were approximately \$66,100 and \$26,600 for the years ended December 31, 2017 and 2016, respectively.

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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, 2017 and 2016, respectively, current assets in other countries, including cash, receivables, and prepaid expenses, totaled \$1,291,440 and \$1,636,730; property and equipment, net of accumulated depreciation, amounted to \$1,223,284 and \$736,508; and liabilities in other countries were \$240,279 and \$289,381. Total overseas support and revenue received from foreign sources amounted to \$105,863 and \$114,218 for the years ended December 31, 2017 and 2016, 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.

#### NEW ACCOUNTING PRONOUNCEMENT

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. PBT adopted the provisions of this new standard during the year ended December 31, 2017. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3).

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects PBT's financial assets as of the statement of financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

#### Financial assets:

Cash and cash equivalents	\$ 5,365,105
Cash held for others	210,061
Certificates of deposit	1,258,241
Accounts receivable	134,399
Financial Assets, at year-end	<u>6,967,806</u>

#### Less those not available for general expenditure within one year:

Restrictions by donor with time or purpose restrictions	(11,798)
Funds held for others	(210,061)
	<u>(221,859)</u>

Financial assets available to meet cash needs for general expenditures within one year \$ 6,745,947

As part of PBT's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. PBT has \$2,142,103 in net assets with donor restrictions for projects and branches, and \$3,659,782 in net assets with donor restrictions for missionary support. These funds are considered available to meet needs for general expenditures within one year.

# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31, 2017		
	USA	Foreign	Total
Land	\$ 237,371	\$ -	\$ 237,371
Buildings and improvements	3,483,200	1,788,368	5,271,568
Furniture, fixtures, and equipment	148,062	140,164	288,226
Vehicles	124,884	785,198	910,082
	3,993,516	2,713,731	6,707,247
Less accumulated depreciation	(217,257)	(\$1,715,755)	(1,933,012)
	3,776,260	997,975	4,774,235
Construction in progress	738,528	225,308	963,836
	\$ 4,514,787	\$ 1,223,284	\$ 5,738,071

	December 31, 2016		
	USA	Foreign	Total
Land	\$ 237,371	\$ -	\$ 237,371
Buildings and improvements	1,910,155	1,407,685	3,317,840
Furniture, fixtures, and equipment	105,536	146,683	252,219
Vehicles	95,583	798,683	894,266
	2,348,645	2,353,051	4,701,696
Less accumulated depreciation	(700,087)	(1,653,026)	(2,353,113)
	1,648,558	700,025	2,348,583
Construction in progress	1,039,007	36,483	1,075,490
	\$ 2,687,565	\$ 736,508	\$ 3,424,073



# PIONEER BIBLE TRANSLATORS

## Notes to Financial Statements

December 31, 2017 and 2016

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2017	2016
Missionary support balances	\$ 3,659,782	\$ 3,589,645
Projects	1,688,372	1,407,955
Branch funds	453,731	444,147
Building funds	11,798	669,257
	<u>\$ 5,813,683</u>	<u>\$ 6,111,004</u>

6. 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.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 11, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.