



PIONEER BIBLE TRANSLATORS

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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

Grapevine, Texas
May 24, 2019

PIONEER BIBLE TRANSLATORS

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,823,519	\$ 5,365,105
Cash held for others	172,737	210,061
Investments	2,756,074	1,258,241
Other assets	256,592	259,225
	<u>8,008,922</u>	<u>7,092,632</u>
Property and equipment—net	<u>5,562,434</u>	<u>5,738,071</u>
Total Assets	<u>\$ 13,571,356</u>	<u>\$ 12,830,703</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 240,233	\$ 288,721
Construction costs payable	-	92,401
Funds held for others	172,737	210,061
	<u>412,970</u>	<u>591,183</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	863,576	687,766
Equity in property and equipment	5,562,434	5,738,071
	<u>6,426,010</u>	<u>6,425,837</u>
Net assets with donor restrictions:		
Restricted by purpose or time	6,732,376	5,813,683
	<u>13,158,386</u>	<u>12,239,520</u>
Total Liabilities and Net Assets	<u>\$ 13,571,356</u>	<u>\$ 12,830,703</u>

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Cash contributions	\$ 915,206	\$ 13,246,476	\$ 14,161,682	\$ 922,261	\$ 12,079,619	\$ 13,001,880
Revenue:						
Rental income	87,663	-	87,663	72,595	-	72,595
Interest and dividends	38,480	-	38,480	20,286	-	20,286
Other revenue	129,309	-	129,309	116,440	-	116,440
	255,452	-	255,452	209,321	-	209,321
Total Support and Revenue	1,170,658	13,246,476	14,417,134	1,131,582	12,079,619	13,211,201
RECLASSIFICATIONS:						
Satisfaction of purpose						
restrictions	10,972,848	(10,972,848)	-	11,024,522	(11,024,522)	-
Assessment against restricted gifts						
	1,354,935	(1,354,935)	-	1,352,418	(1,352,418)	-
	12,327,783	(12,327,783)	-	12,376,940	(12,376,940)	-
EXPENSES:						
Program services:						
Bible translation and literacy	9,316,586	-	9,316,586	8,362,416	-	8,362,416
Recruitment and training	780,262	-	780,262	735,693	-	735,693
Missionary care	417,589	-	417,589	362,446	-	362,446
	10,514,437	-	10,514,437	9,460,555	-	9,460,555
Supporting activities:						
Management and general	1,805,238	-	1,805,238	1,858,460	-	1,858,460
Fund-raising	1,178,593	-	1,178,593	1,074,448	-	1,074,448
	2,983,831	-	2,983,831	2,932,908	-	2,932,908
Total Expenses	13,498,268	-	13,498,268	12,393,463	-	12,393,463
Change in Net Assets	173	918,693	918,866	1,115,059	(297,321)	817,738
Net Assets, Beginning of Year	6,425,837	5,813,683	12,239,520	5,310,778	6,111,004	11,421,782
Net Assets, End of Year	\$ 6,426,010	\$ 6,732,376	\$ 13,158,386	\$ 6,425,837	\$ 5,813,683	\$ 12,239,520

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and payroll taxes	\$ 6,317,301	\$ 1,251,863	\$ 749,310	\$ 8,318,474
Employee benefits	666,286	63,491	40,574	770,351
Travel	1,389,991	42,954	184,871	1,617,816
Occupancy and utilities	296,731	81,622	-	378,353
Communications	139,473	136,347	16,191	292,011
Office expenses	237,360	56,738	15,533	309,631
Professional development and training expenses	150,032	5,760	7,116	162,908
Professional fees	177,333	121,995	29,318	328,646
Postage and shipping	40,644	5,843	22,406	68,893
Depreciation	304,837	20,561	20,561	345,959
Grant expense	561,807	-	-	561,807
Other expenses	232,642	18,064	92,713	343,419
Total expenses	\$ 10,514,437	\$ 1,805,238	\$ 1,178,593	\$ 13,498,268
Percentage of total expenses	77.9%	13.4%	8.7%	100%

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	174,271	22,502	90,586	287,359
Total expenses	\$ 9,460,555	\$ 1,858,460	\$ 1,074,448	\$ 12,393,463
Percentage of total expenses	76.3%	15.0%	8.7%	100%

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 918,866	\$ 817,738
Adjustments to reconcile change in net assets		
net cash provided (used) by operating activities:		
Depreciation	345,959	237,971
Gains (losses) on sale of property and equipment	54,533	(5,655)
Contributions restricted for long-term purposes	(6,104)	(238,570)
Change in operating assets and liabilities:		
Accounts receivable	-	(14,731)
Other assets	2,633	(5,027)
Accounts payable	(48,488)	142,780
Construction costs payable	(92,401)	(215,284)
Net Cash Provided by Operating Activities	1,174,998	719,222
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(2,294,668)	(21,862)
Proceeds from sale of certificates of deposit	796,835	38,208
Proceeds from sales of property and equipment	4,100	17,879
Purchases of property and equipment	(228,955)	(2,471,791)
Net Cash Used by Investing Activities	(1,722,688)	(2,437,566)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	6,104	238,570
Net Change in Cash and Cash Equivalents	(541,586)	(1,479,774)
Cash and Cash Equivalents, Beginning of Year	5,365,105	6,844,879
Cash and Cash Equivalents, End of Year	\$ 4,823,519	\$ 5,365,105

See notes to the financial statements

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017, PBT's cash balances exceeded federally insured limits by approximately \$3,300,000 and \$3,200,000, respectively.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of certificates of deposit and treasury bills with original maturity dates exceeding 90 days. Investments are recorded at cost plus accrued interest. Interest earned from investments are recorded in the statements of activities in the year it is earned as interest and dividends.

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, 2018 and 2017

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 (losses) of (\$11,950) and \$1,441, were included in expenses for the years ended December 31, 2018 and 2017, 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, 2018 and 2017

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, salaries and wages have been allocated on the basis of time and effort; depreciation and amortization, facility expense, and interest expense have been allocated on the basis of square footage used. All other expenses were allocated based upon the functional nature of the underlying expenses.

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 \$967,231 and \$965,130 for the years ended December 31, 2018 and 2017, respectively. Total joint costs consist of the following:

	Year Ended December 31,	
	2018	2017
Program services	\$ 610,230	\$ 619,115
Management and general	168,838	195,534
Fund-raising	188,163	342,589
	<u>\$ 967,231</u>	<u>\$ 1,157,238</u>

ADVERTISING EXPENSES

Advertising expenses are expensed as incurred. Advertising expenses were approximately \$64,700 and \$66,100 for the years ended December 31, 2018 and 2017, respectively.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017, respectively, current assets in other countries, including cash, receivables, and prepaid expenses, totaled \$1,123,793 and \$1,291,440; property and equipment, net of accumulated depreciation, amounted to \$1,134,904 and \$1,223,283; and liabilities in other countries were \$230,718 and \$240,279. Total overseas support and revenue received from foreign sources amounted to \$125,663 and \$105,863 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017

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 statement of financial position date.

	Year Ended December 31,	
	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 4,823,519	\$ 5,365,105
Cash held for others	172,737	210,061
Investments	2,756,074	1,258,241
Receivables	70,732	134,399
Financial assets, at year-end	<u>7,823,062</u>	<u>6,967,806</u>
Less those not available for general expenditure within one year:		
Restrictions by donor with time or purpose restrictions	(1,396,639)	(1,012,284)
Funds held for others	(172,737)	(210,061)
	<u>(1,569,376)</u>	<u>(1,222,345)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,253,686</u>	<u>\$ 5,745,461</u>

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. As of December 31, 2018 and 2017, PBT has \$6,732,217 and \$5,801,885, respectively, in net assets with donor restrictions for missionary, project and branch support. A total of \$5,335,578 and \$4,789,601, respectively, of these funds are considered available to meet needs for general expenditures within one year.

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2018 and 2017

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31, 2018		
	USA	Foreign	Total
Land	\$ 237,371	\$ -	\$ 237,371
Buildings and improvements	4,880,137	2,082,790	6,962,927
Furniture, fixtures, and equipment	154,223	157,410	311,633
Vehicles	173,130	732,332	905,462
	5,444,861	2,972,532	8,417,393
Less accumulated depreciation	(1,042,297)	(1,837,627)	(2,879,924)
	4,402,565	1,134,904	5,537,469
Construction in progress	24,965	-	24,965
	\$ 4,427,530	\$ 1,134,904	\$ 5,562,434

	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
	3,993,517	2,713,730	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
	\$ 4,514,788	\$ 1,223,283	\$ 5,738,071

PIONEER BIBLE TRANSLATORS

Notes to Financial Statements

December 31, 2018 and 2017

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2018	2017
Missionary support balances	\$ 3,872,949	\$ 3,659,782
Projects	2,437,880	1,688,372
Branch funds	421,388	453,731
Building funds	159	11,798
	<u>\$ 6,732,376</u>	<u>\$ 5,813,683</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 24, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.