



Deaf Bible Society

Financial Statements
March 31, 2022 and 2021

Deaf Bible Society

Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

Independent Auditors' Report

To the Board of Directors of
Deaf Bible Society

Opinion

We have audited the accompanying financial statements of Deaf Bible Society (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Deaf Bible Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Deaf Bible Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Deaf Bible Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.



A Limited Liability Partnership

Arlington, Texas
December 6, 2022

Deaf Bible Society
Statements of Financial Position
March 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,434,085	\$ 2,938,245
Accounts receivable	-	1,715
Inventory	-	5,502
Total current assets	5,434,085	2,945,462
Deposits	8,780	8,780
Property and equipment, net	813,251	1,003,174
Total assets	\$ 6,256,116	\$ 3,957,416
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 44,080	\$ 30,733
Accrued expenses and other liabilities	40,326	216,468
Total current liabilities	84,406	247,201
Net assets:		
Without donor restrictions	1,120,675	1,355,134
With donor restrictions	5,051,035	2,355,081
Total net assets	6,171,710	3,710,215
Total liabilities and net assets	\$ 6,256,116	\$ 3,957,416

See notes to financial statements.

Deaf Bible Society
Statement of Activities
Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support from operations:			
Contributions	\$ 3,017,323	\$ 2,695,954	\$ 5,713,277
Program	30	-	30
Other revenue	130,171	-	130,171
Total revenue and support from operations	3,147,524	2,695,954	5,843,478
Operating expenses:			
Program services	2,643,003	-	2,643,003
Fundraising	117,530	-	117,530
Management and general	543,093	-	543,093
Total operating expenses	3,303,626	-	3,303,626
Change in net assets from operations	(156,102)	2,695,954	2,539,852
Non-operating items:			
Loss on disposal of assets	(72,855)	-	(72,855)
Loss on inventory	(5,502)	-	(5,502)
Change in net assets	(234,459)	2,695,954	2,461,495
Net assets at beginning of year	1,355,134	2,355,081	3,710,215
Net assets at end of year	\$ 1,120,675	\$ 5,051,035	\$ 6,171,710

See notes to financial statements.

Deaf Bible Society
Statement of Activities
Year Ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 3,675,213	\$ 1,324,915	\$ 5,000,128
Program	67,218	-	67,218
Other revenue	477,821	-	477,821
Total revenue and support	4,220,252	1,324,915	5,545,167
Operating expenses:			
Program services	3,075,578	-	3,075,578
Fundraising	317,830	-	317,830
Management and general	735,113	-	735,113
Total operating expenses	4,128,521	-	4,128,521
Change in net assets	91,731	1,324,915	1,416,646
Net assets at beginning of year	1,263,403	1,030,166	2,293,569
Net assets at end of year	\$ 1,355,134	\$ 2,355,081	\$ 3,710,215

See notes to financial statements.

Deaf Bible Society
Statement of Functional Expenses
Year Ended March 31, 2022

	Program Services	Fundraising	Management and General	Total
Advertising and promotions	\$ 5,347	\$ 60,853	\$ 817	\$ 67,017
Translations and ministry services	1,610,387	-	251	1,610,638
Depreciation and amortization	5,977	5,977	47,812	59,766
Insurance, accounting fees and professional services	107,805	7,524	119,904	235,233
Miscellaneous	1,984	2,672	6,968	11,624
Payroll taxes and fringe benefits	142,958	18	42,855	185,831
Salaries and wages	549,320	-	193,433	742,753
Equipment expense	9,079	-	5,123	14,202
Supplies and office expense	76,253	359	41,439	118,051
Telephone and internet	280	-	15,308	15,588
Occupancy	65,427	32,713	32,713	130,853
Travel, meetings and entertainment	68,186	7,414	36,470	112,070
Total expenses	\$ 2,643,003	\$ 117,530	\$ 543,093	\$ 3,303,626

See notes to financial statements.

Deaf Bible Society
Statement of Functional Expenses
Year Ended March 31, 2021

	Program Services	Fundraising	Management and General	Total
Advertising and promotions	\$ 523	\$ 22,920	\$ 4,957	\$ 28,400
Translations and ministry services	1,548,445	-	-	1,548,445
Depreciation and amortization	10,571	10,571	84,566	105,708
Insurance, accounting fees and professional services	207,047	34,508	103,524	345,079
Miscellaneous	32,434	11,788	13,695	57,917
Payroll taxes and fringe benefits	190,281	20,900	71,740	282,921
Salaries and wages	911,828	158,403	380,850	1,451,081
Equipment expense	30,350	11,037	13,796	55,183
Supplies and office expense	4,620	497	1,990	7,107
Telephone and internet	11,108	2,777	13,885	27,770
Occupancy	120,000	40,000	40,000	200,000
Travel, meetings and entertainment	8,371	4,429	6,110	18,910
Total expenses	\$ 3,075,578	\$ 317,830	\$ 735,113	\$ 4,128,521

See notes to financial statements.

Deaf Bible Society
Statements of Cash Flows
Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,461,495	\$ 1,416,646
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	59,766	105,708
Loss on disposal of assets	72,855	-
Donated asset to another organization	304,867	-
Loss on inventory	5,502	-
Changes in operating assets and liabilities:		
Accounts receivable	1,715	(1,715)
Inventory	-	536
Deposits	-	17,694
Accounts payable	13,347	(97,300)
Accrued expenses and other liabilities	(176,142)	141,102
Refundable advance	-	(261,680)
Deferred rent	-	(46,682)
Net cash provided by operating activities	2,743,405	1,274,309
Cash flows from investing activities:		
Purchases of property and equipment	(247,565)	(85,447)
Net cash used by investing activities	(247,565)	(85,447)
Net increase in cash and cash equivalents	2,495,840	1,188,862
Cash and cash equivalents at beginning of year	2,938,245	1,749,383
Cash and cash equivalents at end of year	\$ 5,434,085	\$ 2,938,245

See notes to financial statements.

Deaf Bible Society

Notes to Financial Statements

1. Organization

Deaf Bible Society (Organization) is a for-purpose Christian ministry dedicated to making the Bible freely available and easily accessible in every sign language. 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. The Organization is primarily supported by contributions from individuals and other organizations.

The Organization's primary exempt purpose is to offer free access to the Bible in every sign language. The Organization 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.

The Organization's mission is to provide God's Word in every sign language. Our vision is to create locally sustainable Great Commission initiatives amongst the Deaf to reveal the hope of the Gospel, so that every Deaf person has the opportunity to receive, experience and share it.

We provide many Deaf people 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 organizational core values in mind to advance sign language Bible translation and engagement.

- God First
- Servant Hearted
- Deaf Centric
- Legacy
- Innovation
- Stewardship

Of the more than 350 known sign languages, only 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 the Organization exists. From developing the Deaf Bible App in 2012 to launching as an independent 501(c)(3) nonprofit organization in 2015, the Organization diligently works with partners far and wide in the following areas to reach the world's Deaf with the Gospel:

- Bridging - To accelerate the translation and access of Scripture into sign languages.
- Deaf Community Relations - Equipping Deaf people and ministry leaders to develop Scripture-engaged lives and communities.
- Deaf Bible Ecosystem - Creating new tools and technology to ensure Deaf people have access to and engage with God's Truth and His Church.

Deaf Bible Society

Notes to Financial Statements

- Advocacy - Equipping communities to understand the needs of Deaf people so they can become advocates that contribute time, talents and prayer.

Translation Acceleration

The Organization bridges the divide between partners with various backgrounds, language and translation expertise and the unique needs of sign language translation. More than 20 translation projects for differing sign language communities are in motions to provide greater access to the Scriptures for an estimated 16 million people. In the fiscal year ending March 31, 2022, we were able to accelerate 66 sign language Bible translation initiatives. Our goal over the next 3 years is to see 200+ sign language translation initiatives for Deaf communities worldwide in motion.

Tools and Technology

There are many challenges in trying to reach the intended audience. One that has been overlooked, ignored or hidden away. Advancements were made within our Deaf Bible Ecosystem on the Deaf Bible app and online platforms, Deaf Bible Media Network, Deaf Church Where, and our Partner Portal. These are just a few of the emerging tools and technology being worked on to reach the Deaf with the Gospel. In 2021-2022, tens of thousands of people were engaged with the Deaf Bible via our mobile application and online resources. We were able to offer a directory of over 800 Deaf churches/ministries within the United States where an average of 7,000 people monthly were being connected to a local church.

Scripture Engagement

For continued Scripture engagement efforts to be sustainable among Deaf communities, translation, and resources to serve them are needed. In 2021-2022, we were more than 2 million sign language Scripture videos were engaged with. We also distributed Bible content in 39 sign languages in more than 20 countries, these languages have the capacity to reach more than 16 million Deaf with the opportunity of heart language Bible access. As these Deaf live are transformed, a solid foundation is being built for them to lead the way in establishing daily scripture absorption either in their lives personally and in their communities.

Being that the Deaf people groups are among the most unengaged with Gospel and that only 2% of the world's 70 Million Deaf people have ever experienced the Gospel message in a format they understand, the above-mentioned efforts are changing these startling statistics. A unified movement has begun and continues to function to ensure the Deaf are part of the Great Commission command.

This past year, the Organization served as an ally for Deaf communities around the world with one goal in mind: providing opportunities for Deaf people groups to have access to God's Word in their sign languages.

Deaf Bible Society

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of March 31, 2022 and 2021, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and accounts receivable. Cash is placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various donors. The Organization continually evaluates the collectability of accounts receivable and maintains allowances for potential losses based on historical experience. No allowance was considered necessary as of March 31, 2022.

Deaf Bible Society

Notes to Financial Statements

The Organization maintains its cash balances with high credit quality financial institutions located in Texas, which at times may exceed federally insured limits. Balances at financial institutions exceeded federally insured amounts by \$3,182,827 at March 31, 2022. The Organization has not incurred any losses in these accounts, and does not believe that they are exposed to any significant credit risk on cash.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

Property and Equipment

Property and equipment that is purchased is recorded at cost and depreciated over the estimated useful lives using the straight-line method over a life of 3 to 20 years.

Donations of property and equipment are recorded as support at their fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment exceeding \$1,000 are capitalized and are stated at cost less accumulated depreciation. Maintenance and repairs that do not significantly improve or extend the lives of the furniture and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the statements of activities.

Internally Developed Software

The Organization develops internal software for use in their programs. The Organization capitalizes direct costs associated with the development of the software. Costs incurred subsequent to the software being placed into service are charged to program expense. Capitalized costs are amortized over the estimated useful life on a straight-line basis. Unamortized costs are carried at the lower of book value or net realizable value.

Deaf Bible Society

Notes to Financial Statements

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances.

Donated services are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, and a portion of depreciation and amortization expense, which are allocated on approximate space usage basis of the building as well as fixed assets and equipment that each department uses. Salaries and wages, benefits and payroll taxes, professional services, office expenses, equipment expense, insurance, and other expenses are allocated on the basis of time, effort, and intent.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

Deaf Bible Society

Notes to Financial Statements

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the IRC as an organization described in IRC Section 501(c)(3), except to the extent it has unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the IRC. For the years ended March 31, 2022 and 2021, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification. The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Deaf Bible Society
Notes to Financial Statements

3. Property and Equipment

Property and equipment consist of the following at March 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 298,862	\$ 289,231
Website	155,106	155,106
Video recordings	300,300	300,300
Furniture and fixtures	-	43,142
Building	-	97,440
Intellectual property	105,224	105,224
Software - in progress	-	304,867
Deaf bible - in progress	229,925	85,447
Aveditz - in progress	179,346	179,346
SLTT - in progress	29,850	29,850
Partner portal - in progress	91,000	-
	<u>1,389,613</u>	<u>1,589,953</u>
Less accumulated depreciation and amortization	<u>(576,362)</u>	<u>(586,779)</u>
	<u>\$ 813,251</u>	<u>\$ 1,003,174</u>

Depreciation and amortization expense for the years ended March 31, 2022 and 2021 totaled \$59,766 and \$105,708, respectively.

During the year ended March 31, 2022, in progress software projects were donated to another organization totaling \$304,867 which is included in the statement of activities.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of March 31:

	<u>2022</u>	<u>2021</u>
Translation	\$ 2,450,617	\$ 1,286,910
Scripture engagement	2,224,800	658,966
Institute for Sign Language Engagement and Training	269,855	409,205
Special projects	105,763	-
	<u>\$ 5,051,035</u>	<u>\$ 2,355,081</u>

Deaf Bible Society
Notes to Financial Statements

5. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of March 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,434,085	\$ 2,938,245
Accounts receivable	-	1,715
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,434,085</u>	<u>\$ 2,939,960</u>

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization is supported by donor restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Additionally, the Organization typically maintains approximately \$400,000 to \$600,000 in unrestricted cash available for its general operations throughout the year. Restricted cash will fluctuate based upon program activities related to that cash.

6. Paycheck Protection Program Loan

On May 3, 2020, the Organization entered into an unsecured loan (PPP loan) in the aggregate amount of \$431,371 with a bank pursuant to the Paycheck Protection Program, which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020. The Organization has recorded the full amount of the loan as other revenue in the statement of activities as of March 31, 2021. On June 15, 2021, the Organization received notification that the PPP Loan was forgiven in full by the SBA.

7. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date through the date the financial statements were available to be issued, and concluded that no additional disclosures are required.