

**LUTHERAN BIBLE TRANSLATORS, INC.**

Financial Statements  
December 31, 2024 and 2023

Together With Independent Auditors' Report



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Lutheran Bible Translators, Inc.

### **Opinion**

We have audited the accompanying financial statements of Lutheran Bible Translators, Inc., which comprise the statement of financial position as of December 31, 2024 and 2023, 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 Lutheran Bible Translators, Inc. as of December 31, 2024 and 2023, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Lutheran Bible Translators, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 Lutheran Bible Translators, Inc.'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

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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 generally accepted auditing standards 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Lutheran Bible Translators, Inc.'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 Lutheran Bible Translators, Inc.'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.

*JDS Professional Group*

*Certified Public Accountants, Consultants and Advisors, LLC*

July 15, 2025

**LUTHERAN BIBLE TRANSLATORS, INC.**Statement of Financial Position  
As Of December 31, 2024, and 2023

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	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,824,208	4,063,170
Grant receivable	320,572	122,482
Pledges receivable, net	647,568	669,627
Advances to field offices	80,940	8,994
Prepays	62,132	47,705
Investments	10,943,087	9,477,990
Investments to be held in perpetuity	394,659	358,309
Beneficial interest in charitable trusts held by others	290,403	489,008
Beneficial interest in funds held by a foundation	719,166	642,104
Life insurance policies	620,125	424,464
Right-of-use asset, net of accumulated amortization of \$23,917 and \$15,836 respectively	62,870	95,286
Property and equipment, net	135,813	168,463
<b>Total Assets</b>	<b>\$ 17,101,543</b>	<b>\$ 16,567,602</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 57,507	78,044
Accrued liabilities	27,901	127,430
Lease liability	135,874	143,955
<b>Total Liabilities</b>	<b>221,282</b>	<b>349,429</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	6,386,094	7,019,411
Designated	7,501,675	6,492,768
Total without donor restrictions	13,887,769	13,512,179
With donor restrictions	2,992,492	2,705,994
<b>Total Net Assets</b>	<b>16,880,261</b>	<b>16,218,173</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,101,543</b>	<b>\$ 16,567,602</b>

The accompanying notes are an integral part of these statements.

**LUTHERAN BIBLE TRANSLATORS, INC.**

Statement of Activities  
For the Year Ended December 31, 2024

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	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 4,664,128	\$ 324,318	\$ 4,988,446
Grants	73,208	320,571	393,779
Bequests	794,201	-	794,201
Investment return, net	970,986	31,350	1,002,336
Change in value of beneficial interest in charitable trust	-	(198,605)	(198,605)
Change in value of beneficial interest in funds held at a foundation	-	77,063	77,063
Change in value of life insurance policies, net	-	195,660	195,660
Gain on sale of asset	62,945	-	62,945
Other income	8,174	-	8,174
Net assets released from restrictions:			
Satisfaction of program restrictions	463,859	(463,859)	-
<b>Total Support and Revenue</b>	<b>7,037,501</b>	<b>286,498</b>	<b>7,323,999</b>
Expenses:			
Program Services -			
Field services	4,123,066	-	4,123,066
Program ministries	639,902	-	639,902
Total Program Services	4,762,968	-	4,762,968
Supporting Services -			
General and administrative	1,134,276	-	1,134,276
Fundraising	764,667	-	764,667
Total Supporting Services	1,898,943	-	1,898,943
<b>Total Expenses</b>	<b>6,661,911</b>	<b>-</b>	<b>6,661,911</b>
<b>CHANGES IN NET ASSETS</b>	<b>375,590</b>	<b>286,498</b>	<b>662,088</b>
NET ASSETS, Beginning of Year	13,512,179	2,705,994	16,218,173
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 13,887,769</b>	<b>\$ 2,992,492</b>	<b>\$ 16,880,261</b>

The accompanying notes are an integral part of these statements.

**LUTHERAN BIBLE TRANSLATORS, INC.**

Statement of Activities  
For the Year Ended December 31, 2023

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	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
Contributions	\$ 4,019,416	\$ 112,650	\$ 4,132,066
Grants	1,321,349	122,482	1,443,831
Bequests	1,271,526	-	1,271,526
Investment return, net	836,126	35,620	871,746
Government grant	235,333		235,333
Change in value of beneficial interest in charitable trusts	-	(107,569)	(107,569)
Change in value of beneficial interest in funds held by a foundation	-	(19,290)	(19,290)
Change in value of life insurance policies, net	-	(151,168)	(151,168)
Loss on sale of an asset	(1,095)	-	(1,095)
Other income	9,659	-	9,659
Net assets released from restrictions:			
Satisfaction of program restrictions	3,067,070	(3,067,070)	-
<b>Total Support and Revenue</b>	<b>10,759,384</b>	<b>(3,074,345)</b>	<b>7,685,039</b>
<b>Expenses:</b>			
Program Services -			
Field services	5,076,423		5,076,423
Program ministries	439,105	-	439,105
<b>Total Program Services</b>	<b>5,515,527</b>	<b>-</b>	<b>5,515,527</b>
Supporting Services -			
General and administrative	935,501	-	935,501
Fundraising	709,363	-	709,363
<b>Total Supporting Services</b>	<b>1,644,864</b>	<b>-</b>	<b>1,644,864</b>
<b>Total Expenses</b>	<b>7,160,391</b>	<b>-</b>	<b>7,160,391</b>
<b>CHANGES IN NET ASSETS</b>	<b>3,598,993</b>	<b>(3,074,345)</b>	<b>524,648</b>
NET ASSETS, Beginning of Year, as originally reported	11,700,543	3,992,981	15,693,524
Reclassification	(1,787,358)	1,787,358	-
NET ASSETS, Beginning of Year, after reclassification	9,913,185	5,780,339	15,693,524
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 13,512,179</b>	<b>\$ 2,705,994</b>	<b>\$ 16,218,173</b>

The accompanying notes are an integral part of these statements.

# LUTHERAN BIBLE TRANSLATORS, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2024

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	Program Services		Total	Supporting Services		Total	
	Field	Program	Program	General &	Fundraising	Supporting	Total
	Services	Ministries	Services	Administration		Services	
Salaries and related benefits	\$ 1,007,227	\$ 302,473	\$ 1,309,700	\$ 504,363	\$ 331,341	\$ 835,704	\$ 2,145,404
Retirement plan	124,067	26,955	151,022	53,561	33,420	86,981	238,003
Other employee benefits	325,294	84,034	409,328	144,807	91,014	235,821	645,149
Payroll taxes	77,196	21,919	99,115	34,643	19,882	54,525	153,640
Newsletter	87	5,451	5,538	16,156	32,142	48,298	53,836
Direct mailings	-	3,920	3,920	11,762	23,523	35,285	39,205
Professional fees	236,136	26,950	263,086	79,696	58,872	138,568	401,654
Supplies	11,722	10,639	22,361	18,204	3,385	21,589	43,950
Telecommunications	11,674	7,756	19,430	3,420	246	3,666	23,096
Postage and shipping	2,029	4,687	6,716	9,733	4,568	14,301	21,017
Occupancy	64,564	10,707	75,271	27,492	-	27,492	102,763
Equipment rental and maintenance	4,271	3,635	7,906	9,525	13,268	22,793	30,699
Printing and publication	11,297	9,066	20,363	21,510	23,073	44,583	64,946
Travel	418,926	61,027	479,953	113,128	102,320	215,448	695,401
Conferences, meetings, and workshops	6,259	12,349	18,608	5,641	7,641	13,282	31,890
Missionary/national support	52,488	5,346	57,834	4,583	5,020	9,603	67,437
Special projects expenses	1,707,248	25,569	1,732,817	45,822	-	45,822	1,778,639
Depreciation	34,682	1,880	36,562	4,372	3,435	7,807	44,369
Other expenses	27,899	15,539	43,438	25,858	11,517	37,375	80,813
Total Expenses	<u>\$ 4,123,066</u>	<u>\$ 639,902</u>	<u>\$ 4,762,968</u>	<u>\$ 1,134,276</u>	<u>\$ 764,667</u>	<u>\$ 1,898,943</u>	<u>\$ 6,661,911</u>

The accompanying notes are an integral part of this statement

# LUTHERAN BIBLE TRANSLATORS, INC.

Statement of Functional Expenses  
For the Year Ended December 31, 2023

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	Program Services		Total	Supporting Services		Total	
	Field	Program	Program	General &	Fundraising	Supporting	Total
	Services	Ministries	Services	Administration		Services	
Salaries and related benefits	\$ 901,479	\$ 157,621	\$ 1,059,100	\$ 432,884	\$ 351,646	\$ 784,530	\$ 1,843,630
Retirement plan	109,811	14,883	124,694	40,042	30,611	70,653	195,347
Other employee benefits	284,949	44,124	329,073	126,390	114,675	241,065	570,138
Payroll taxes	72,233	10,799	83,032	28,420	20,239	48,659	131,691
Newsletter	-	60,735	60,735	2,871	3,540	6,411	67,146
Direct mailings	-	5,705	5,705	9,942	13,032	22,974	28,679
Professional fees	177,065	42,724	219,789	95,627	27,682	123,309	343,098
Supplies	10,203	9,014	19,217	19,821	4,737	24,558	43,775
Telecommunications	15,847	3,458	19,305	7,096	232	7,328	26,633
Postage and shipping	2,902	3,929	6,831	8,836	5,178	14,014	20,845
Occupancy	148,319	6,867	155,186	15,256	4,092	19,348	174,534
Equipment rental and maintenance	3,102	3,788	6,890	11,626	12,259	23,885	30,775
Printing and publication	4,127	9,256	13,383	24,124	16,613	40,737	54,120
Travel	455,857	18,958	474,815	64,981	82,538	147,519	622,334
Conferences, meetings, and workshops	62,514	1,448	63,962	3,873	2,905	6,778	70,740
Missionary/national support	54,140	1,368	55,508	4,059	3,992	8,051	63,559
Special projects expenses	2,736,153	-	2,736,153	-	-	-	2,736,153
Depreciation	24,556	1,407	25,963	8,952	-	8,952	34,915
Other expenses	13,166	43,021	56,186	30,701	15,392	46,093	102,279
Total Expenses	\$ 5,076,423	\$ 439,105	\$ 5,515,527	\$ 935,501	\$ 709,363	\$ 1,644,864	\$ 7,160,391

The accompanying notes are an integral part of this statement



**LUTHERAN BIBLE TRANSLATORS, INC.**

## Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

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	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 662,088	\$ 524,649
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	44,369	34,916
Amortization of right-of-use asset	32,416	32,307
Realized/unrealized gain (loss) on investments	(676,665)	(566,253)
(Gain) loss on disposal of property and equipment	(62,945)	1,195
Change in value of charitable trusts held by others	198,605	19,290
Change in value of funds held by a foundation	(77,063)	107,569
Change in value of life insurance policies	(195,661)	151,168
Changes in assets and liabilities, net		
(Increase) decrease in assets:		
Grant receivable	(198,090)	1,559,400
Pledges receivable	22,059	241,391
Advances to field offices	(71,946)	(3,614)
Other receivables	-	10,952
Prepaid expenses	(14,427)	(17,155)
Increase (decrease) in liabilities:		
Accounts payable	(20,537)	26,668
Accrued expenses	(99,529)	45,381
Lease liability	(8,081)	(7,972)
Net cash (used in) provided by operating activities	<u>(465,407)</u>	<u>2,159,892</u>
Cash flows from investing activities:		
Sales of investments	329,930	293,958
Purchases of investments	(1,154,712)	(1,143,653)
Proceeds from sale of property and equipment	84,765	-
Purchases of property and equipment	(33,538)	(35,357)
Net cash (used in) investing activities	<u>(773,555)</u>	<u>(885,052)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,238,962)</b>	<b>1,274,840</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>4,063,170</b>	<b>2,788,330</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 2,824,208</u></b>	<b><u>\$ 4,063,170</u></b>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for operating leases	<u>\$ 9,996</u>	<u>\$ 9,996</u>

The accompanying notes are an integral part of these statements

**LUTHERAN BIBLE TRANSLATORS, INC.**

## Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

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# LUTHERAN BIBLE TRANSLATORS, INC.

Notes to Financial Statements  
For The Years Ended December 31, 2024 and 2023

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## **NOTE 1 – Nature of the Organization**

The Lutheran Bible Translators, Inc. (the “Organization”), formerly Messengers for Christ, is a not-for-profit religious organization engaged in worldwide ministry of bible translation, literacy, and scripture use. The ministry is conducted through a worldwide staff of missionaries who work in partnership with a global network of Lutheran church bodies and indigenous translation and literacy organizations in host countries.

The ministry program is reported in two categories: field services and program ministries. Field services include activities directly related to the worldwide staff of missionaries. Program ministries include activities related to worldwide staff of missionaries but conducted through the United States offices of the Organization.

## **NOTE 2 – Summary of Significant Accounting Policies**

### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

### **Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### **Estimates**

The preparation of the comparative financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported

# LUTHERAN BIBLE TRANSLATORS, INC.

## Notes to Financial Statements

For The Years Ended December 31, 2024 and 2023

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amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

### Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits in checking accounts, and savings accounts. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents unless the cash is held to meet donor restrictions.

### Investments and Fair Value Measurements

The Organization uses fair value measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## LUTHERAN BIBLE TRANSLATORS, INC.

Notes to Financial Statements  
For The Years Ended December 31, 2024 and 2023

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The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Equities, fixed income mutual funds and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Beneficial interest in assets held at foundations:* Valued as reported by the foundation holding the endowment funds based on the Organization's proportionate share of the present value of the trusts as provided.

*Life insurance policies:* Valued at the cash surrender value as reported by the life insurance company.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

# **LUTHERAN BIBLE TRANSLATORS, INC.**

Notes to Financial Statements  
For The Years Ended December 31, 2024 and 2023

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## Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over an estimated useful life of three to thirty years. The cost of maintenance and repairs is expensed as incurred; significant acquisitions and improvements that cost more than \$1,000 are capitalized.

## Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from the operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

## Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Management expects that all grants receivables will be fully collectible, accordingly, there is no allowance for uncollectible grants receivables.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release and are not recognized until the conditions on which they depend have been met.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period on which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## Beneficial Interest in Assets Held for Others

The Organization receives contributions in the form of irrevocable split-interest agreements that include charitable gift annuities, charitable remainder unitrusts, pooled income trusts, and donor directed endowments. A third-party foundation appointed by the donors serves as the trustee for the agreements and the Organization records its proportionate share as a beneficia interest at fair value.

## **LUTHERAN BIBLE TRANSLATORS, INC.**

Notes to Financial Statements  
For The Years Ended December 31, 2024 and 2023

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### Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial positions. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

### Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, newsletter, advertising, professional fees, supplies, telecommunications, postage and shipping, occupancy, equipment rental and maintenance, printing and publications, travel, meetings, depreciation, and other expenses which are allocated on the basis of estimates of time and effort.

### Subsequent Events

Management has performed an evaluation of subsequent events through the date of this report, which is the date the financial statements were available to be issued.

### Reclassification

Certain amounts have been reclassified for comparative purposes.

### **NOTE 3 – Income Taxes**

The Organization had previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization. Accordingly, the accompanying financial statements contain no provision for income taxes.

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Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization's informational tax returns are no longer subject to U.S. Federal and state audits on its returns by taxing authorities for fiscal years ending prior to 2021 and 2020, respectively. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issue would arise.

## **NOTE 4 – Concentration of Credit Risk**

The Organizations' cash demand deposits are held at financial institutions at which deposit's are insured up to \$250,000 by the FDIC per depositor or institution. As of December 31, 2024, the Organizations' deposits did not exceed the FDIC's insurance limit.

As of December 31, 2024, 100% of the grant receivable was from one grantor.

During the year ended December 31, 2023, the Organization received 39% of its revenue from one grantor.

## **NOTE 5 – Pledges Receivable**

Pledges receivable consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 395,459	\$ 345,483
Due in one to five years	282,417	373,317
Due in more than five years	<u>23,800</u>	<u>-</u>
	701,676	718,800
Less:		
Allowance for uncollectible receivables	(35,084)	(35,940)
Discount at 3%	<u>(19,024)</u>	<u>(13,233)</u>
	<u>\$ 647,568</u>	<u>\$ 669,627</u>



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### **NOTE 6 – Investments**

The following table presents assets measured at fair value on a recurring basis as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value				
Equities	\$ 2,413,534	\$ -	\$ -	\$ 2,413,534
Exchange traded funds – bonds	8,492,771	-	-	8,492,771
Beneficial interest in funds held by a foundation	-	-	719,166	719,166
Beneficial interest in charitable trusts held by others	-	-	290,403	290,403
Life insurance policies	-	-	620,125	620,125
Total investments at fair value	<u>\$10,906,305</u>	<u>\$ -</u>	<u>\$ 1,629,694</u>	12,535,999
Cash and cash equivalents				<u>431,441</u>
Total investments				<u>\$12,967,440</u>

The following table presents assets measured at fair value on a recurring basis as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments at fair value				
Equities	\$ 1,835,588	\$ -	\$ -	\$ 1,835,588
Fixed income mutual funds	232,617	-	-	232,617
Exchange traded funds	5,397,788	-	-	5,397,788
Beneficial interest in funds held by a foundation	-	-	642,104	642,104
Beneficial interest in charitable trusts held by others	-	-	489,008	489,008
Life insurance policies	-	-	424,464	424,464
Total investments at fair value	<u>\$ 7,465,993</u>	<u>\$ -</u>	<u>\$ 1,555,576</u>	9,021,569
Cash and cash equivalents				<u>2,370,306</u>
Total investments				<u>\$11,391,875</u>

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The change in Level 3 investments during the years ended December 31, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,555,576	\$ 1,833,603
Change in beneficial interest in funds held by a foundation	77,063	(107,569)
Change in beneficial interest in charitable trusts	(198,605)	(19,290)
Change in value of life insurance policies	<u>195,660</u>	<u>(151,168)</u>
Balance, end of year	<u>\$ 1,629,694</u>	<u>\$ 1,555,576</u>

### **NOTE 7 – Endowment Funds**

The Organization maintains one donor-restricted endowment fund which is the Endowment Fund. The Endowment Fund was established in accordance with general instructions from the initial donor, and is to be maintained in perpetuity. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **Interpretation of Relevant Law**

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted Endowment Fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) investment policies of the Organization.

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## Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, after fees and expenses, to provide a pretax 10-year average annual rate of return of 6% or a net return of 3% above inflation, whichever is greater. Actual returns in any given year may vary from this amount.

## Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Typically, subject to fluctuating economic conditions and market trends, the Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

## Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy to spend, without touching principle, the lessor of the sum of the unrestricted revenue received and the prior fiscal year-end restricted cash balance, or 4% of the value of the board restricted funds at the previous December 31 year-end. In establishing this policy, the Organization considered preservation of principal on its endowment. Therefore, these funds may tend toward a more “conservative” investment strategy. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## Underwater Funds

As of December 31, 2024 and 2023, no funds were underwater.

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Endowment net asset composition as of December 31, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment net assets	\$ 7,501,675	\$ -	\$ 7,501,675
Donor restricted endowment net assets		394,659	394,659
	<u>\$ 7,501,675</u>	<u>\$ 394,659</u>	<u>\$ 7,896,334</u>

Endowment net asset composition as of December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment net assets	\$ 6,492,768	\$ -	\$ 6,492,768
Donor restricted endowment net assets	-	358,309	358,309
	<u>\$ 6,492,768</u>	<u>\$ 358,309</u>	<u>\$ 6,851,077</u>

Historically, the board designated endowment fund has consisted of a minimum of 15% of bequest contributions for the year. Beginning in 2016, the intention of the board is to contribute \$500,000 annually to the endowment. The Board has designated net assets equal to the market value of these funds to be held for investment purposes.

The change in the endowment funds was as follows during the year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 6,492,768	\$ 358,309	\$ 6,851,077
Contributions	495,000	5,000	500,000
Investment return, net	806,262	44,494	850,756
Appropriation of assets for expenditure	<u>(292,355)</u>	<u>(13,144)</u>	<u>(305,499)</u>
Endowment Net Assets, End of Year	<u>\$ 7,501,675</u>	<u>\$ 394,659</u>	<u>\$ 7,896,334</u>

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The change in the endowment funds was as follows during the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 5,558,075	\$ 333,836	\$ 5,891,911
Contributions	500,000	-	500,000
Investment return, net	717,505	35,620	753,125
Appropriation of assets for expenditure	<u>(282,812)</u>	<u>(11,147)</u>	<u>(293,959)</u>
Endowment Net Assets, End of Year	<u>\$ 6,492,768</u>	<u>\$ 358,309</u>	<u>\$ 6,851,077</u>

### **NOTE 8 – Property and Equipment**

Property and equipment consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 192,995	\$ 192,995
Field equipment	321,021	436,687
Office equipment	<u>44,595</u>	<u>34,001</u>
	558,611	663,683
Accumulated depreciation	<u>(422,798)</u>	<u>(495,220)</u>
	<u>\$ 135,813</u>	<u>\$ 168,483</u>

### **NOTE 9 – Net assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2024 and 2023 were available for the following:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time:		
For periods after December 31,:		
Time restricted	<u>\$ 2,176,398</u>	<u>\$ 792,099</u>

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### Subject to the spending policy and appropriation:

#### Investments held in perpetuity –

##### Assets to be held in perpetuity

Education and training	96,286	96,286
Translation	102,019	102,019
General purpose	<u>109,526</u>	<u>104,526</u>
Total	<u>307,831</u>	<u>302,831</u>

Endowment funds – amount above original amount	<u>86,828</u>	<u>55,478</u>
Total	<u>394,659</u>	<u>358,309</u>

Charitable trusts held by others	39,448	489,008
Funds held by a foundation	<u>381,987</u>	<u>642,104</u>
Total	<u>421,435</u>	<u>1,555,576</u>

Net assets with donor restrictions	<u>\$ 2,992,492</u>	<u>\$ 2,705,984</u>
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### **NOTE 10 – Leases**

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. Because the Organization does not have access to the rate implicit in the lease, the Organization's incremental borrowing rate is utilized as the discount rate. The weighted average discount rate associated with operating leases as of December 31, 2024 and 2023 was 1.365%.

The Organization leases a facility from Saint Paul Lutheran High School. The agreement calls for the Organization to pay all utilities and/or services based upon occupancy of the premises in the amount of \$833 monthly until August 31, 2025, for the ten-year term, at which time rental payments of \$2,250 commence if they continue to lease the facility. As of December 31, 2024, the weighted average remaining lease term for the Organization's operating lease was 5.67 years.

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Future maturities of the lease liability are as follows:

<u>For the Year Ending December 31,</u>	
2025	\$ 15,664
2026	27,000
2027	27,000
2028	27,000
2029	27,000
Thereafter	<u>18,000</u>
Total lease payments	141,664
Less present value discount	<u>(5,790)</u>
Total lease obligation	<u><u>\$135,874</u></u>

For the years ended December 31, 2024, and 2023, total operating lease cost was \$24,334 and \$48,669, respectively.

### **NOTE 11 – Pension Plan**

The Organization participates in the Concordia Retirement Plan for workers of the Lutheran Church – Missouri Synod (the Plan), a plan separate from the Organization. The Plan is a noncontributory defined benefit pension plan, covering substantially all workers of participating organization, including the Missouri Synod, each of its controlled organizations, member congregations which have adopted the Plan, and affiliated agencies that have been admitted to the Plan. For the years ended December 31, 2024 and 2023 the rate of contributions of covered payroll for each eligible employee was 8.7%. Total contributions to the Plan for the years ended December 31, 2024 and 2023 were \$196,636 and \$160,390, respectively.

The Organization also matches dollar for dollar up to 2% to a 403(b) plan, separate from the Organization for eligible employees (all full-time employees and part-time employees that average at least 30 hours per week). Total contributions to the Plan for the years ended December 31, 2024 and 2023, were \$41,367 and \$34,957, respectively.

### **NOTE 12 – Related Parties**

During the year ended December 31, 2024, and 2023, respectively, the Organization hired a family member of the executive director who was paid approximately \$43,473 and \$36,000, respectively.

During the year ended December 31, 2023, the Organization paid the board treasurer \$1,525 for services related to donor relations.

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### **NOTE 13 – Liquidity and Availability of Financial Assets**

The Organization strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through a board resolution.

Financial assets at year-end:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,824,208	\$ 4,063,170
Grants receivable	320,572	122,482
Pledges receivable	647,568	669,627
Investments	<u>10,943,087</u>	<u>9,477,990</u>
	14,735,435	14,333,269

Less amounts not available to be used within one year:

Board designated net assets	<u>7,201,608</u>	<u>6,233,057</u>
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Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,533,827</u>	<u>\$ 8,100,212</u>
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