

LUTHERAN BIBLE TRANSLATORS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF ACTIVITIES.....	3
STATEMENT OF FUNCTIONAL EXPENSES.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS	6-10



INDEPENDENT AUDITOR'S REPORT

LUTHERAN BIBLE TRANSLATORS, INC.
303 N. Lake Street
Aurora, IL 60507-2050

We have audited the accompanying statement of financial position of LUTHERAN BIBLE TRANSLATORS, INC. as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated April 7, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC". The signature is written in black ink and is positioned above a horizontal line.

Elk Grove Village, Illinois
April 2, 2009

Porte Brown LLC

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LUTHERAN BIBLE TRANSLATORS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008

(with summarized information for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 708,788	\$ 851,144
Short term investments	-	250,000
Contributions receivable	143,719	170,705
Advances to field offices	100,937	139,960
Other receivables	21,151	5,698
Prepaid expenses	1,000	1,000
Total current assets	<u>\$ 975,595</u>	<u>\$ 1,418,507</u>
<u>INVESTMENTS</u>	<u>\$ 1,098,064</u>	<u>\$ 1,495,415</u>
<u>FIXED ASSETS</u>		
Property and equipment	\$ 1,911,009	\$ 1,961,475
Less: Accumulated depreciation	<u>(1,347,164)</u>	<u>(1,385,998)</u>
	<u>\$ 563,845</u>	<u>\$ 575,477</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,637,504</u>	<u>\$ 3,489,399</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 93,034	\$ 81,524
Accrued expenses	70,775	46,884
Total current liabilities	<u>\$ 163,809</u>	<u>\$ 128,408</u>
<u>NET ASSETS</u>		
Unrestricted - undesignated	\$ 1,880,954	\$ 2,692,566
Temporarily restricted	257,976	337,146
Permanently restricted	334,765	331,279
	<u>\$ 2,473,695</u>	<u>\$ 3,360,991</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,637,504</u>	<u>\$ 3,489,399</u>

The accompanying notes are an integral part of these financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

(with summarized information for the year ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
<u>SUPPORT AND REVENUE</u>					
Contributions	\$ 3,241,129	\$ 107,721	\$ 3,486	\$ 3,352,336	\$ 3,597,690
Bequests	334,909	-	-	334,909	766,823
Other income	7,503	-	-	7,503	8,271
Interest and dividends	58,854	4,903	-	63,757	79,706
Realized gains on investments	8,466	1,040	-	9,506	111,704
Unrealized (losses) on investments	(497,082)	(63,094)	-	(560,176)	(66,155)
Gains on disposals of equipment	7,335	-	-	7,335	7,945
Net assets released from restrictions	129,740	(129,740)	-	-	-
Total Support and Revenue	\$ 3,290,854	\$ (79,170)	\$ 3,486	\$ 3,215,170	\$ 4,505,984
<u>EXPENSES</u>					
Program	\$ 3,290,962	\$ -	\$ -	\$ 3,290,962	\$ 3,498,296
General and administrative	575,247	-	-	575,247	563,963
Fundraising	236,257	-	-	236,257	281,603
Total Expenses	\$ 4,102,466	\$ -	\$ -	\$ 4,102,466	\$ 4,343,862
<u>CHANGE IN NET ASSETS</u>	\$ (811,612)	\$ (79,170)	\$ 3,486	\$ (887,296)	\$ 162,122
<u>NET ASSETS</u>					
Beginning of year	\$ 2,692,566	\$ 337,146	\$ 331,279	\$ 3,360,991	\$ 3,198,869
End of year	\$ 1,880,954	\$ 257,976	\$ 334,765	\$ 2,473,695	\$ 3,360,991

The accompanying notes are an integral part of these financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

(with summarized information for the year ended December 31, 2007)

	Program			Supporting Services			2007 Total Expenses
	Field Services	Program Ministries	Total Program	General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,154,845	\$ 313,467	\$ 1,468,312	\$ 250,107	\$ 126,453	\$ 376,560	\$ 1,844,872
Retirement plan	75,079	18,760	93,839	17,450	-	17,450	111,289
Other employee benefits	492,165	109,456	601,621	78,125	-	78,125	679,746
Payroll taxes	82,576	23,885	106,461	23,061	-	23,061	129,522
Newsletter	41,729	20,553	62,282	-	11,048	11,048	73,330
Direct mailings	6,956	3,426	10,382	-	93,437	93,437	103,819
Professional fees	27,359	5,119	32,478	8,064	-	8,064	40,542
Supplies	23,505	5,649	29,154	3,475	-	3,475	32,629
Telecommunications	22,536	4,398	26,934	5,321	-	5,321	32,255
Postage and shipping	20,710	18,322	39,032	11,539	-	11,539	50,571
Occupancy	115,944	12,515	128,459	15,028	-	15,028	143,487
Equipment rental and maintenance	22,351	11,831	34,182	13,300	-	13,300	47,482
Printing and publication	10,795	12,230	23,025	12,795	-	12,795	35,820
Travel	264,770	60,967	325,737	57,497	-	57,497	383,234
Conferences, meetings, and workshops	19,073	19,478	38,551	3,848	-	3,848	42,399
Interest	651	321	972	479	-	479	1,451
Missionary/National support	74,258	11,513	85,771	26,453	-	26,453	112,224
Special project expenses	59,510	1,374	60,884	8,453	-	8,453	69,337
Other expenses	18,262	8,443	26,705	15,072	5,319	20,391	47,096
<u>Total expenses before depreciation</u>	\$ 2,533,074	\$ 661,707	\$ 3,194,781	\$ 550,067	\$ 236,257	\$ 786,324	\$ 3,981,105
Depreciation	80,792	15,389	96,181	25,180	-	25,180	121,361
<u>TOTAL</u>	\$ 2,613,866	\$ 677,096	\$ 3,290,962	\$ 575,247	\$ 236,257	\$ 811,504	\$ 4,102,466
							\$ 4,343,862

The accompanying notes are an integral part of these financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008
 (with summarized information for the year ended December 31, 2007)

	<u>2008</u>	<u>2007</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (887,296)	\$ 162,122
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	121,360	126,713
Realized (gains) on sales of investments	(9,506)	(111,704)
Unrealized losses on investments	560,176	66,155
(Gains) on disposals of fixed assets	(7,335)	(7,945)
Changes in:		
Contributions receivable	26,986	(21,678)
Advances to field offices	39,023	(20,334)
Other receivables	(15,453)	(5,698)
Prepaid expenses	-	1,578
Accounts payable	11,510	(23,865)
Accrued expenses	<u>23,891</u>	<u>(21,861)</u>
Net cash (used) provided by operating activities	<u>\$ (136,644)</u>	<u>\$ 143,483</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of investments	\$ (317,436)	\$ (309,190)
Purchases of fixed assets	(119,230)	(107,529)
Purchases of short term investments	-	(250,000)
Proceeds from sales of investments	164,117	219,641
Proceeds from sales of fixed assets	16,837	15,583
Proceeds from sales of short term investments	<u>250,000</u>	<u>-</u>
Net cash (used) by investing activities	<u>\$ (5,712)</u>	<u>\$ (431,495)</u>
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>\$ (142,356)</u>	<u>\$ (288,012)</u>
<u>BEGINNING CASH AND CASH EQUIVALENTS</u>	<u>851,144</u>	<u>1,139,156</u>
<u>ENDING CASH AND CASH EQUIVALENTS</u>	<u>\$ 708,788</u>	<u>\$ 851,144</u>
<u>SUPPLEMENTAL INFORMATION TO CASH FLOW</u>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	1,451	7
Non cash investing activities:		
Decrease in fair value of investments	560,176	66,155

The accompanying notes are an integral part of these financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF OPERATIONS

Lutheran Bible Translators, Inc., formerly Messengers of Christ – Lutheran Bible Translators, Inc. (the Organization), is a not-for-profit religious organization engaged in a worldwide ministry of Bible Translation, literacy, and scripture use. The ministry is conducted through a world-wide 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 world-wide staff of missionaries. Program ministries include activities related to world-wide staff of missionaries but conducted through the U.S. offices of Organization.

USE OF ESTIMATES

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

In accordance with SFAS No. 117, "Financial Statements of Not-For-Profit Organizations", the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007 from which the summarized information was derived.

LUTHERAN BIBLE TRANSLATORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

REVENUE RECOGNITION

In accordance with SFAS No. 116, *Accounting for Contributions Received and to Contributions Made*, contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, SFAS No. 116 requires not-for-profit organizations to distinguish between contributions received that increase unrestricted, temporarily restricted, and permanently restricted net assets. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Temporarily restricted net assets consists of amounts temporarily restricted for special projects as specified by the donor. As of December 31, 2008, temporarily restricted net assets amounts to \$257,976.

Permanently restricted net assets consists of amounts permanently restricted of which the income is to be provided for missionary support, special projects, or general operating support as specified by the donor. As of December 31, 2008, permanently restricted net assets amounts to \$334,765.

CONTRIBUTED SERVICES

During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. The approximate number of volunteer hours for the year ended December 31, 2008 amounts to 3,898.

LUTHERAN BIBLE TRANSLATORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FUNCTIONAL EXPENSES

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

CASH EQUIVALENTS

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Organization has cash and cash equivalents in excess of federally insured limits at one banking institution. These amounts potentially subject the Organization to credit risk if the banking institution fails. In 2008, the federally insured limits were temporarily raised. The Organization's non-interest bearing accounts are insured in full through 2009 as part of the FDIC's Transaction Account Guarantee Program.

UNCOLLECTIBLE ACCOUNTS

The Organization considers contributions receivable to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

PREPAID EXPENSES

At December 31, 2008, prepaid expenses consist of miscellaneous expenses for the following year in the amount of \$1,000.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets.

LUTHERAN BIBLE TRANSLATORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

FIXED ASSETS AND DEPRECIATION:(continued)

Major classifications of property and equipment and their respective lives are summarized below:

Type	2008 Amount	Depreciable Lives in Years
Building	\$ 360,000	44
Land	40,000	N/A
Leasehold improvements	358,402	10-44
Office furniture & equipment	439,785	3-10
Field equipment	<u>712,822</u>	3-10
TOTAL	<u>\$ 1,911,009</u>	

INVESTMENTS

Investments consist of mutual funds investing in debt and equity securities which are stated at fair value as determined by quoted market prices at balance sheet date. The following investments are held at SEI Investments as of December 31, 2008:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds:			
Equity Funds	\$ 609,180	\$ 991,111	\$ (381,931)
Bond Funds	<u>488,884</u>	<u>589,386</u>	<u>(100,502)</u>
	<u>\$1,098,064</u>	<u>\$1,580,497</u>	<u>\$ (482,433)</u>

The following summarizes the investment return for the year ended December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 58,854	\$ 4,903	\$ 63,757
Realized losses on investments	8,466	1,040	9,506
Unrealized gains on investments	<u>(497,082)</u>	<u>(63,094)</u>	<u>(560,176)</u>
Total Investment Return	<u>\$ (429,762)</u>	<u>\$ (57,151)</u>	<u>\$ (486,913)</u>

INCOME TAXES

There is no provision for federal and state income taxes because the entity is a tax-exempt organization under IRC Section 501(c)(3).

LUTHERAN BIBLE TRANSLATORS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

NOTE B. LINE OF CREDIT

The Organization has available a \$200,000 line of credit with Old Second National Bank maturing June 11, 2009. Interest is payable at prime. The line of credit is collateralized by property and equipment. As of December 31, 2008, the line had no outstanding balance.

NOTE C. RETIREMENT PLANS

The Organization participates in the Concordia Retirement Plan for workers of The Lutheran Church – Missouri Synod (the Plan). The Plan is a noncontributory defined benefit pension plan, covering substantially all workers of participating organizations, 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. During the current year, the rate of contributions was 6% of covered payroll, for each eligible employee. Total contributions to the Plan for the year ended December 31, 2008 was \$111,289.