



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS®

unfoldingWord

Financial Statements

For The Year Ended December 31, 2024



Battt Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS®

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
unfoldingWord
Orlando, Florida

Opinion

We have audited the accompanying financial statements of unfoldingWord ("the Organization"), which consist of the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows, and functional expenses for the year 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 unfoldingWord as of December 31, 2024, the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the 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.

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- Identify and assess the risk 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
April 8, 2025

UNFOLDINGWORD
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,439,439
Assets held for deferred benefits	110,952
Right-of-use asset	488,437
Other assets	79,543
Property and equipment, net	<u>406,182</u>

Total assets	<u>\$ 3,524,553</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 300,849
Lease liability	828,203
Deferred compensation liability	<u>110,952</u>

Total liabilities	<u>1,240,004</u>
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NET ASSETS

Without donor restrictions	(348,371)
With donor restrictions	<u>2,632,920</u>

Total net assets	<u>2,284,549</u>
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Total liabilities and net assets	<u>\$ 3,524,553</u>
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UNFOLDINGWORD
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS			
Project support	\$ —	\$ 9,264,439	\$ 9,264,439
Contributions	1,377,093	—	1,377,093
Other revenue	21,512	—	21,512
Net assets released from restrictions	<u>8,774,138</u>	<u>(8,774,138)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>10,172,743</u>	<u>490,301</u>	<u>10,663,044</u>
EXPENSES			
Program activities	<u>7,180,952</u>	<u>—</u>	<u>7,180,952</u>
Supporting activities			
General and administrative	1,563,808	—	1,563,808
Fundraising	<u>1,073,871</u>	<u>—</u>	<u>1,073,871</u>
Total supporting activities	<u>2,637,679</u>	<u>—</u>	<u>2,637,679</u>
Total expenses	<u>9,818,631</u>	<u>—</u>	<u>9,818,631</u>
CHANGE IN NET ASSETS	354,112	490,301	844,413
NET ASSETS - Beginning of year	<u>(702,483)</u>	<u>2,142,619</u>	<u>1,440,136</u>
NET ASSETS - End of year	<u>\$ (348,371)</u>	<u>\$ 2,632,920</u>	<u>\$ 2,284,549</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

UNFOLDINGWORD
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2024

OPERATING CASH FLOWS

Cash received from grantors and contributors	\$ 10,641,532
Other revenue received	21,512
Cash paid for operating activities and costs	<u>(9,804,582)</u>

Net operating cash flows	<u>858,462</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS	858,462
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CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,580,977</u>
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CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 2,439,439</u></u>
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**RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING
CASH FLOWS**

Change in net assets	\$ 844,413
Adjustments to reconcile change in net assets to net operating cash flows	
Depreciation and amortization	156,470
Net change in right-of-use asset and lease liability	(68,787)
Change in other assets	99,704
Change in accounts payable and accrued expenses	<u>(173,338)</u>

Net operating cash flows	<u><u>\$ 858,462</u></u>
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UNFOLDINGWORD
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2024

	Program Activities	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Total Supporting Activities	
Professional services	\$ 5,363,083	\$ 232,145	\$ 430,933	\$ 663,078	\$ 6,026,161
Salaries, benefits, and taxes	1,349,464	754,364	522,888	1,277,252	2,626,716
Travel and hospitality	346,785	105,122	60,557	165,679	512,464
General and office	8,822	265,117	31,382	296,499	305,321
Depreciation and amortization	161	156,309	—	156,309	156,470
Conferences, conventions, and meetings	112,637	34,230	5,299	39,529	152,166
Other	—	16,521	22,812	39,333	39,333
Total expenses	\$ 7,180,952	\$ 1,563,808	\$ 1,073,871	\$ 2,637,679	\$ 9,818,631

The Accompanying Notes are an Integral
Part of These Financial Statements

UNFOLDINGWORD
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE A – NATURE OF ACTIVITIES

unfoldingWord (“the Organization”), is a Montana not-for-profit corporation. The Organization is focused on revolutionizing Bible translation by empowering the global church with open sourced, cutting-edge technology and creative common resources so that people around the world can quickly and reliably translate the Bible and other biblical resources into their own language. The Organization’s headquarters is in Orlando, Florida.

The Organization is the single member of two single-member limited liability companies established to carry out specific work in various countries, providing practical or legal advantages where needed. There has been no financial activity in either entity since their inception. For security purposes, the names of the entities are not disclosed in these notes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and project support

The Organization recognizes cash contributions and project support as revenue when the contributions and project support are received by the Organization. Contributions and project support received are recorded as without or with donor restrictions depending on the existence and/or nature of any donor restrictions. 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 accompanying statement of activities as “net assets released from restrictions.”

Assessments

The Board of Directors (“the Board”) has established a policy to utilize up to 15% of donor-restricted project support to help offset general operational expenses. The amounts so utilized are reflected as “project support” with donor restrictions and “net assets released from restrictions” in the accompanying statement of activities.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Assets held for deferred benefits

The Organization maintains a deferred compensation plan for certain employees. The underlying assets are invested primarily in mutual funds. For fair value measurement reporting purposes, the investments are considered to be valued using “Level 1” measurements (i.e., unadjusted quoted prices in active markets).

Lease

The Organization leases certain facilities space as further described in Note G. The Organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases that are immaterial to the overall financial statements or with an initial term of twelve months or less are not recorded on the statement of financial position. Lease expense is recognized for those leases on a straight-line basis over the lease term.

Property and equipment

Property and equipment is stated at original cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the expected useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

UNFOLDINGWORD
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from applicable state income taxes. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the present value of lease payments (including the lease terms and treasury rates), and those related to the estimated useful lives of property and equipment. Actual results could differ from the estimates.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the statement of financial position are as follows:

Financial assets available:	
Cash and cash equivalents	<u>\$ 2,439,439</u>
Total financial assets available within one year	2,439,439
Less: Amounts unavailable for general expenditure within one year	<u>—</u>
Net financial assets available within one year	<u>\$ 2,439,439</u>

The Organization is primarily supported by project support and contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Donor-restricted net assets are available for general expenditure within one year of December 31, 2024, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Organization's programs in the coming year. The assets held for deferred benefits are not considered by management to be available for general expenditure within one year. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

UNFOLDINGWORD
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE D – CONCENTRATIONS

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During the year ended December 31, 2024, the Organization received approximately 71% of its funding from three grantors. Such amounts are included in the accompanying statement of activities as “project support” with donor restrictions. The Organization hopes and expects to gratefully continue its relationship with these grantors, and may be adversely impacted financially if support from these grantors were to diminish significantly or cease.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	
Computer equipment	\$ 6,419
Leasehold improvements	<u>827,571</u>
Total property and equipment	833,990
Less: Accumulated depreciation and amortization	<u>(427,808)</u>
Property and equipment, net	<u>\$ 406,182</u>

Depreciation and amortization expense amounted to \$156,470 during 2024.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions was as follows during 2024:

	<u>Balance January 1</u>	<u>Project Support</u>	<u>Releases</u>	<u>Balance December 31</u>
Whole Bible Whole Nation	\$ 879,854	\$ 5,701,072	\$ (4,994,612)	\$ 1,586,314
Strategic Language Resources	181,023	2,204,415	(1,775,413)	610,025
Technology	913,602	937,000	(1,566,644)	283,958
Catalyzation	<u>168,140</u>	<u>421,952</u>	<u>(437,469)</u>	<u>152,623</u>
Total	<u>\$ 2,142,619</u>	<u>\$ 9,264,439</u>	<u>\$ (8,774,138)</u>	<u>\$ 2,632,920</u>

As of December 31, 2024, the Organization had temporarily utilized approximately \$200,000 of cash restricted by donors in order to sustain general operations. The Organization plans to restore the restricted funds by December 31, 2025, by pursuing additional revenue sources, making necessary adjustments to operating costs, and pursuing an overall cash surplus from operating activities.

UNFOLDINGWORD
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE G – LEASE

The Organization is a party to a lease agreement granting it the right to use certain office space and facilities. The agreement is referred to herein as “the lease agreement.” The Organization’s lease agreement is classified as an operating lease and is recorded at the present value of the remaining lease payments utilizing a discount rate of 4.00%.

The lease is recognized in the accompanying statement of financial position as follows:

Right-of-use asset	\$ <u>488,437</u>
Lease liability	\$ <u>828,203</u>

The total operating lease cost for 2024 was \$142,203.

The remaining lease term as of December 31, 2024 is 4 years.

Following is a schedule by years of future undiscounted payments required under the lease agreement reconciled to the total lease liability as of December 31, 2024:

Year Ending <u>December 31,</u>	
2025	\$ 214,891
2026	221,353
2027	227,990
2028	<u>234,842</u>
Total undiscounted payments	899,076
Less: Effect of discount rate applied	<u>(70,873)</u>
Total lease liability	\$ <u>828,203</u>

NOTE H – RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (“the Plan”) in which certain employees are eligible to participate. Eligible employees may make tax-deferred contributions to the Plan. The Organization currently makes discretionary contributions to the Plan of up to 3% of the annual salary for eligible employees. The Organization made contributions to the Plan of approximately \$61,000 during 2024.