

TRANSLATORS WITHOUT BORDERS US, INC.

Consolidated Financial Statements
for the years ended December 31, 2020 and 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Translators Without Borders US, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Translators Without Borders US, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Translators Without Borders US, Inc. as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended, respectively in conformity with accounting principles generally accepted in the United States of America.

Actis-Grande, Ronan & Company, LLC

October 7, 2021

Translators Without Borders US, Inc.
Statements of Financial Position
December 31,

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 1,076,126	\$ 709,752
Grants and contributions receivable	1,238,855	789,240
Trademark fees and other assets	<u>13,650</u>	<u>38,492</u>
 Total assets	 <u>\$ 2,328,631</u>	 <u>\$ 1,537,484</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 499,526	\$ 281,705
Deferred revenue	415,347	50,223
Note payable to director	<u>-</u>	<u>255,795</u>
 Total liabilities	 <u>914,873</u>	 <u>587,723</u>
Net assets:		
Without donor retrictions	1,035,838	713,141
With donor restrictions	<u>377,920</u>	<u>236,620</u>
 Total net assets	 <u>1,413,758</u>	 <u>949,761</u>
 Total liabilities and net assets	 <u>\$ 2,328,631</u>	 <u>\$ 1,537,484</u>

Translators Without Borders US, Inc.
Statements of Activities
Years Ended December 31,

	<u>2020</u>	<u>2019</u>
Change in Net Assets Without Donor Restrictions		
Unrestricted revenue and gains:		
In-kind donations	\$ 5,312,600	\$ 3,503,857
Sponsorships and support	383,363	285,111
Sale of services provided	<u>1,691,223</u>	<u>800,253</u>
Total unrestricted revenue and gains	7,387,186	4,589,221
Net assets released from restrictions	<u>2,558,044</u>	<u>2,047,544</u>
Total unrestricted revenues, gains and other support	<u>9,945,230</u>	<u>6,636,765</u>
Expenses:		
Program services	8,951,320	5,993,055
Supporting services	<u>671,213</u>	<u>624,391</u>
Total expenses	<u>9,622,533</u>	<u>6,617,446</u>
Increase in unrestricted net assets	322,697	19,319
Change in Net Assets With Donor Restrictions		
Grants and contributions	2,699,344	2,135,812
Net assets released from restrictions	<u>(2,558,044)</u>	<u>(2,047,544)</u>
Increase in temporarily restricted net assets	<u>141,300</u>	<u>88,268</u>
Total increase in net assets	463,997	107,587
Net assets, beginning of year	<u>949,761</u>	<u>842,174</u>
Net assets, end of year	<u>\$ 1,413,758</u>	<u>\$ 949,761</u>

Translators Without Borders US, Inc.
Statements of Cash Flows
Representing Increases (Decreases) in Cash
Years Ended December 31,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 463,997	\$ 107,587
Amortization	1,419	4,125
Changes in operating assets and liabilities:		
Grants and contributions receivable	(449,615)	(158,815)
Accounts payable and accrued expenses	217,821	65,819
Deferred revenue	<u>365,124</u>	<u>(166,257)</u>
Net cash provided by (used in) operating activities	<u>598,746</u>	<u>(147,541)</u>
Cash flows from investing activities:		
Trademark fees and other assets	<u>23,423</u>	<u>(12,055)</u>
Cash flows from financing activities:		
Cash proceeds from note payable	<u>(255,795)</u>	<u>255,795</u>
Net increase in cash	366,374	96,199
Cash and cash equivalents, beginning of year	<u>709,752</u>	<u>613,553</u>
Cash and cash equivalents, end of year	<u>\$ 1,076,126</u>	<u>\$ 709,752</u>

TRANSLATORS WITHOUT BORDERS US, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. **Summary of Significant Accounting Policies**

Nature of Activities:

Translators Without Borders US, Inc. (“TWB”) a not-for-profit, 501(c)(3) organization, provides innovative global research and programs, language technology, language service platforms, an experienced professional staff, and a community of over 60,000 linguists in 148 countries. Whether it's a COVID-19 chatbot in Nigeria, translator training in Kenya or linguistic research in Rohingya refugee camps, TWB’s work helps organizations communicate more effectively, so they can reach more people, listen harder and accelerate impact.

These financial statements include the activities of Translators Without Borders Ireland CLG (“TWBI”), formally the Rosetta Foundation CLG. TWBI is a non-profit organization incorporated in the Republic of Ireland whose not-for-profit international principal activities consist of supporting activities for those who want to provide equal access to information across languages.

Estimates:

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

Cash and Cash Equivalents:

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

Revenue Recognition, Contributed Services and Grants:

TWB’s revenue consists of grants, services provided, sponsorship revenue, donations, and in-kind contributions from translators and other service providers. Sponsorship revenue is deferred and recognized ratably over the period of the sponsorship (generally one year), donations are recognized when received. The value of services provided meeting the requirements for recognition in the financial statements are recorded in the period the services are provided. Grant revenues are recognized when the expenditure has been incurred. In addition, many individuals volunteer their time and perform a variety of tasks that assist TWB, but these services do not meet the criteria for recognition as contributed services.

TRANSLATORS WITHOUT BORDERS US, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. Summary of Significant Accounting Policies (continued)

Contributions are recognized when the donor makes an unconditional promise to give. 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 Donor Restricted that increases that net asset class. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In the years ended December 31, 2020 and 2019, TWB volunteers translated 25,351,560 and 16,987,949 words, respectively, for donation equivalents of \$5,070,313 and \$3,397,590, and other donors contributed services and support with an aggregate estimated value of \$242,287 and \$106,267.

Functional Allocation of Expenses:

The costs of providing programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Supporting services consist of general and administrative expenses.

Income Taxes:

TWB annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions TWB takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

TWB's Forms 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2018 and thereafter are subject to tax examination, generally for three years after they were filed.

Subsequent Events:

TWB evaluated the effect subsequent events would have on the financial statements through October 7, 2021, which is the date the financial statements were available to be issued.

TRANSLATORS WITHOUT BORDERS US, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

2. Program and Supporting Expenses

Program and supporting expenses consist of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Consulting and human resources	\$3,888,149	\$2,474,173
Travel	199,908	383,672
Professional fees	19,010	24,015
Other general and administrative	<u>202,866</u>	<u>231,729</u>
	4,309,933	3,113,589
In-kind Expenses:		
Translators	5,070,313	3,397,590
Other supporting services	<u>242,287</u>	<u>106,267</u>
	<u>\$9,622,533</u>	<u>\$6,617,446</u>

3. Note Payable to Director

At December 31, 2019, notes totalling \$255,795 were payable to two directors. The notes were repaid in early 2020 along with interest at the rate of 3.5%.

4. Corona Virus Aid, Relief, and Economic Security Loan

On May 19, 2020 TWB received a \$ 50,470 loan from the U.S. Small Business Administration in connection with the Paycheck Protection Program of the 2020 Corona Virus Aide, Relief, and Economic Security ("CARES") Act. Up to 100% of the loan is forgivable to the extent that employers maintain specified employment and wage levels. The loan proceeds must be spent for payroll and other qualifying costs within twenty four weeks of receipt of the loan, provided at least 75% of the forgiven amount was used for payroll costs, and certain other conditions regarding maintenance of headcount are met.

TWB met the criteria for \$45,013 of loan forgiveness within the covered period and this amount of the loan was forgiven in 2020. This amount is included in Sponsorships and Support in the Statements of Activities.