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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Wycliffe Bible Translators, Inc.
Orlando, Florida**

We have audited the accompanying combined statement of financial position of Wycliffe Bible Translators, Inc. and affiliates as of September 30, 2002, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2001 financial statements and, in our report dated December 12, 2001, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Wycliffe Bible Translators, Inc. and affiliates as of September 30, 2002, and the changes in their net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note K to the financial statements, certain errors resulting in the overstatement of previously reported temporarily restricted net assets and understatement of previously reported unrestricted net assets as of September 30, 2001, were discovered during the current year. Accordingly, the 2001 net assets have been restated.

Capin Crouse LLP

Carol Stream, Illinois
December 13, 2002

Audited Financial Statements
Wycliffe Bible Translators, Inc.
September 30, 2002

WYCLIFFE BIBLE TRANSLATORS, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2002

With Comparative Totals for the Year Ended September 30, 2001
(in thousands of dollars)

| ASSETS | 2002 | Restated 2001 |
|--|------------------|--------------------------|
| Cash | \$ 1,804 | \$ 1,937 |
| Investments - <i>Note B</i> | 31,125 | 31,244 |
| Bequests receivable | 2,102 | 374 |
| Contributions receivable - <i>Note F</i> | | 250 |
| Notes receivable | 1,558 | 1,786 |
| Amounts due from affiliated entities - <i>Note D</i> | 60 | 151 |
| Other assets | 813 | 757 |
| Property held for sale | 730 | 5,620 |
| Investments related to trust agreements - <i>Note B</i> | 7,849 | 9,353 |
| Property and equipment, net of accumulated depreciation - <i>Note C</i> | 49,263 | 36,986 |
| | \$ 95,304 | \$ 88,458 |
| TOTAL ASSETS | \$ 95,304 | \$ 88,458 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 1,758 | \$ 1,517 |
| Construction costs payable - <i>Note F</i> | 675 | 3,512 |
| Medical claims payable - <i>Note H</i> | 1,220 | 1,220 |
| Amounts due to affiliated entities - <i>Note D</i> | 243 | 134 |
| Member salaries payable | 5,713 | 6,054 |
| Notes payable | 640 | 680 |
| Fiduciary agreements - <i>Note A</i> | 10,780 | 12,324 |
| Commitments - <i>Note J</i> | | |
| | 21,029 | 25,441 |
| TOTAL LIABILITIES | 21,029 | 25,441 |
| NET ASSETS | | |
| Unrestricted | | |
| Equity in property & equipment | 48,588 | 33,374 |
| Board designated | 9,683 | 8,248 |
| Orlando Ministry Center - <i>Note F</i> | (4,585) | 875 |
| Undesignated | 2,761 | 4,686 |
| | 56,447 | 47,183 |
| Total unrestricted | 56,447 | 47,183 |
| Temporarily restricted - <i>Note G</i> | 16,437 | 14,443 |
| Permanently restricted - <i>Note G</i> | 1,391 | 1,391 |
| | 74,275 | 63,017 |
| TOTAL NET ASSETS | 74,275 | 63,017 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 95,304 | \$ 88,458 |

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC.
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2002

With Comparative Totals for the Year Ended September 30, 2001
(in thousands of dollars)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2002 Total | Restated 2001 Total |
|--|------------------|---------------------------|---------------------------|------------------|---------------------------|
| OPERATING SUPPORT AND REVENUE | | | | | |
| Contributions | \$ 9,414 | \$ 111,289 | \$ - | \$ 120,703 | \$ 110,836 |
| Service income | 2,516 | | | 2,516 | 1,389 |
| Interest and dividend income | 1,968 | 47 | | 2,015 | 1,895 |
| Net realized loss on investments | | (106) | | (106) | (4,421) |
| Contributions to trust agreements | | 345 | | 345 | 480 |
| Net gain on sale of property & equipment | 190 | | | 190 | 24 |
| Other | 446 | | | 446 | 332 |
| Net assets released from restrictions: | | | | - | - |
| Satisfaction of program restrictions | 100,511 | (100,511) | | - | - |
| Satisfaction of asset acquisition restrictions | 8,564 | (8,564) | | - | - |
| Expiration of time restrictions | 517 | (517) | | - | - |
| Total operating support and revenue | 124,126 | 1,983 | - | 126,109 | 110,535 |
| OPERATING EXPENSES | | | | | |
| Program services: | | | | | |
| Bible translation and related programs - <i>Note D</i> | 93,112 | | | 93,112 | 89,632 |
| Supporting services: | | | | | |
| General and administrative | 16,125 | | | 16,125 | 16,094 |
| Fund raising | 5,935 | | | 5,935 | 5,962 |
| Total supporting services | 22,060 | | | 22,060 | 22,056 |
| Total operating expenses | 115,172 | | | 115,172 | 111,688 |
| Excess of operating support and revenue over operating expenses | 8,954 | 1,983 | - | 10,937 | (1,153) |
| NON-OPERATING | | | | | |
| Net unrealized gain (loss) on investments | (155) | (865) | | (1,020) | 219 |
| Change in value of fiduciary agreements | 465 | 876 | | 1,341 | 58 |
| Total non-operating | 310 | 11 | - | 321 | 277 |
| CHANGE IN NET ASSETS | 9,264 | 1,994 | - | 11,258 | (876) |
| Net assets at beginning of year: | | | | | |
| As previously stated | 45,903 | 17,137 | 1,391 | 64,431 | 63,893 |
| Prior period adjustments - <i>Note K</i> | 1,280 | (2,694) | | (1,414) | - |
| As restated | 47,183 | 14,443 | 1,391 | 63,017 | 63,893 |
| NET ASSETS AT END OF YEAR | \$ 56,447 | \$ 16,437 | \$ 1,391 | \$ 74,275 | \$ 63,017 |

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC.
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001
(in thousands of dollars)

| | <u>2002</u> | <u>Restated 2001</u> |
|---|------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 11,258 | \$ (876) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 1,153 | 630 |
| Gain on disposal of equipment | (190) | (24) |
| Gifts-in-kind | (4,700) | (1,578) |
| Net realized loss on sale of investments | 106 | 4,421 |
| Net unrealized loss (gain) on investments | 1,020 | (219) |
| Change in value of fiduciary agreements | (1,341) | (58) |
| Contributions restricted for investment in property & equipment | (8,564) | (3,162) |
| Contribution of property to SIL | 327 | |
| Changes in assets and liabilities: | | |
| Bequests receivable | (1,728) | 1,534 |
| Contributions receivable | 250 | (250) |
| Amounts due from affiliates | 91 | (30) |
| Other assets | (56) | (219) |
| Accounts payable, accrued expenses & medical claims payable | (2,596) | 3,131 |
| Amounts due to members & affiliates | (232) | (363) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(5,202)</u> | <u>2,937</u> |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (2,320) | (476) |
| Proceeds from sale of investments and gift-in-kind stock and land | 11,335 | 15,087 |
| Issuance of notes receivable | (30) | |
| Payments received on notes receivable | 258 | 265 |
| Purchase of property held for sale | (864) | |
| Proceeds from sale of property held for sale | 1,624 | |
| Purchase of property & equipment | (13,657) | (21,612) |
| Proceeds from sale of property & equipment | 586 | 57 |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(3,068)</u> | <u>(6,679)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from new fiduciary agreements | 1,003 | 1,310 |
| Payments on fiduciary agreements | (1,390) | (1,185) |
| Proceeds from notes payable | 60 | 120 |
| Payments on notes payable | (100) | (100) |
| Contributions restricted for investment in property & equipment | 8,564 | 3,162 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>8,137</u> | <u>3,307</u> |
| NET DECREASE IN CASH | (133) | (435) |
| Cash at beginning of year | 1,937 | 2,372 |
| CASH AT END OF YEAR | <u>\$ 1,804</u> | <u>\$ 1,937</u> |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Capital contribution of property held for sale to a limited partnership | <u>\$ 4,266</u> | <u>\$ -</u> |
| Transfer of land from property & equipment to property held for sale | <u>\$ 136</u> | <u>\$ -</u> |

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Wycliffe Bible Translators, Inc. (WBT) is an interdenominational nonprofit missionary organization with the goal of forwarding, in every way possible, the translation of the Word of God into all those languages of the world where it is needed. WBT makes known to the Christian community the opportunities for service, the need for financial and prayer support, and encourages Christians to join with it in bringing God's Word to ethnic groups around the world. WBT is a member of Wycliffe International, an association of forty-six organizations, which carry out similar work throughout the world.

Support for WBT's ministry comes primarily from donor contributions. WBT is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law and is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code.

Principles of Combination: This report presents the financial position, changes in net assets and cash flows of WBT and its controlled affiliates, The Wycliffe Seed Company (TSC) and Moss Park Holdings (MPH). Significant transactions and balances between the organizations have been eliminated for financial statement purposes.

TSC, a California non-profit corporation, creatively networks with God's people around the world to translate the Bible into every language for His glory. TSC empowers Christians from countries where Bible translation is needed to participate fully in the Bible translation task by creating partnerships between American Christians and national translators. American Christians provide prayer and financial support while national Christians carry out the actual translation task, usually in cooperation with Wycliffe members.

MPH is a Florida for-profit corporation formed in 2002 to hold a 20% interest in a limited partnership that holds land for development and resale. The purposes of the limited partnership are to take title to property, develop the land in accordance with a master plan, finance such development and ultimately dispose of the land and improvements.

Affiliated entities, not included in these financial statements due to their financial and administrative independence, are listed below:

- ❖ Wycliffe Associates, Inc. (WA) furthers the work of WBT through programs of prayer, missionary support, construction projects, recruitment, missionary services and special projects.
- ❖ Tahquitz Conference Association, Inc. provides training and conference facilities for WBT.
- ❖ Summer Institute of Linguistics, Inc. (SIL) provides training programs for linguists and supports the study of and translation into the less known and unwritten languages in the world. It also promotes literacy development in these languages.
- ❖ JAARS, Inc. provides technical, logistic and personnel support for field operations.

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Continued

Members: The work of WBT is primarily carried out by approximately 4,500 individuals who voluntarily joined the organization. Individual members are responsible for identifying a supporting constituency. To facilitate their work, the organization provides, on a cost basis, a variety of services for these members.

Basis of Presentation: The financial statements of WBT are prepared on the accrual basis of accounting and in accordance with the Evangelical Joint Accounting Committee's "Accounting and Financial Reporting Guide for Christian Ministries" and the AICPA's Audit and Accounting Guide for Not-for-Profit Organizations. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Prior Year Summarized Information: The financial statements include certain prior-year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with WBT financial statements for the year ended September 30, 2001, from which the summarized information was derived. Certain amounts in the 2001 financial statements have been reclassified to conform to the 2002 presentation.

Cash: Cash includes checking, savings, and money market accounts deposited with FDIC-insured financial institutions. Certain accounts that meet the definition of cash but are part of a larger pool of investments are included in investments. Deposits in excess of FDIC insurance limits at September 30, 2002 were approximately \$1,051,000. WBT performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values on the statement of financial position. Land and buildings and limited partnership interests are recorded at the lower of cost or estimated market value. Unrealized gains and losses are recorded as non-operating gain or loss on the statement of activities. Investment income is reported as unrestricted unless specifically restricted by donors or by law.

Property held for sale: Property held for sale is recorded at the lower of cost or estimated net realizable value.

Property and Equipment: Property and equipment are stated at cost. Expenditures for property and equipment in excess of \$5,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets as follows:

| | |
|----------------------|----------------|
| Buildings | 10 to 40 years |
| Equipment | 3 to 10 years |
| Furniture & fixtures | 7 to 10 years |

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

Notes Payable: Notes payable consist of uncollateralized, interest-free notes, due on demand. Imputed interest of approximately \$31,000 has not been recorded due to immateriality.

Fiduciary Agreements: Fiduciary agreements represent the long-term liability of WBT for annuity contracts, revocable charitable trusts, and charitable remainder trusts. Assets for trusts are recognized on the basis of their fair market value and reported as restricted investments (Note B). The total liabilities under fiduciary agreements for the year ended September 30, 2002 were as follows (in thousands):

| | |
|-----------------------------|------------------|
| Annuity contracts | \$ 5,349 |
| Revocable charitable trusts | 2,798 |
| Charitable remainder trusts | 2,345 |
| Amounts due others | 288 |
| | \$ 10,780 |

WBT has a gift annuity program whereby donors may contribute assets to WBT for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service at an assumed rate of return of 6%. The resulting actuarial gain (\$465,000 in 2002) is recorded as non-operating income on the statement of activities. Certain states require that WBT maintain reserve funds adequate to meet the future payments under its outstanding annuity contracts. WBT has separately invested funds sufficient to meet state requirements.

As trustee, WBT administers revocable trusts that provide a beneficial interest to WBT and other beneficiaries at the grantor's death. Net investment income from trust assets is paid to the grantor or designated beneficiaries. Because the trusts are revocable at the discretion of the grantor, the principal amounts are recorded as liabilities. Upon the death of the donor, the trust assets become the property of WBT and are recognized as donations at that time. Any portion of a trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

WBT also administers irrevocable charitable remainder trusts. The trusts provide the payment of lifetime distributions to the donor or other designated beneficiaries. The present value of the estimated future payments is calculated using a discount rate of 5.6% and applicable mortality tables. At the death of the beneficiaries, the remaining assets are available for use by WBT. The present value of the remainder interest of WBT is reported as temporarily restricted contributions in the period received, and as temporarily restricted net assets until a reclassification to unrestricted net assets is made, upon maturity of the trust.

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Continued

Net Asset Categories: The net assets of WBT are classified into net asset categories according to externally (donor or legal) imposed restrictions as follows:

Unrestricted net assets include gifts for the general operations of WBT, amounts designated by the board for specific use, and those resources invested in property and equipment.

Temporarily restricted net assets include gifts for which donor-imposed or timing restrictions have not been met, but for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted net assets include gifts for which donor-imposed restrictions do not expire by the passage of time or cannot be fulfilled or removed by actions of WBT pursuant to those stipulations.

Revenue: Revenue is recognized when earned and support when contributions are made, which may be when cash is received, or when ownership of other assets is transferred to WBT. Conditional promises received are not included as revenue until the conditions are substantially met. Bequests are recorded as income at the time WBT has an established right to the bequest and the proceeds are measurable. Service income represents amounts received from members and affiliated entities for housing, printing and other related services.

Donated Goods and Services: Donated goods are recorded at fair market value at the time of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WBT. Approximately \$588,000 in donated services was recognized as revenue and included in construction in progress in 2002. Volunteers also provided other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Allocation of Expenses: Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and activities benefited.

WBT incurred joint costs of \$13,590,000 for members in training or on furlough. Joint costs are costs incurred in activities that involve a combination of fund raising and program and/or management and general activities. Of these costs, 25% was allocated to fund raising and 75% to Bible translation and related programs.

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE B – INVESTMENTS

Investments in pooled funds represent WBT's funds that are combined with funds from other affiliated entities for investment purposes in an investment pool owned and operated by SIL. The investment pool holds significant investments in the form of fixed-income securities. Credit risk is the failure of another party to perform in accordance with the contract terms. WBT is exposed to credit risk for the amount invested in the pool. WBT has never sustained a loss on any investment due to nonperformance and does not anticipate any nonperformance by the issuers of the securities. WBT's investments at September 30, 2002 are as follows (in thousands):

Investments (includes funding for gift annuities):

| | |
|---|-------------------------|
| Investments at fair market value: | |
| Stocks | \$ 2,676 |
| Mutual funds | 452 |
| Pooled funds | <u>23,731</u> |
| | 26,859 |
| Investments at lower of cost or estimated market value: | |
| Investment in limited partnership | <u>4,266</u> |
| | <u>\$ 31,125</u> |

Investments related to trust agreements (at fair market value):

| | |
|--------------------|------------------------|
| Bonds | \$ 1,047 |
| Stocks | 546 |
| Mutual funds | 5,050 |
| Pooled funds | 782 |
| Land and buildings | <u>424</u> |
| | <u>\$ 7,849</u> |

Unrestricted interest and dividends consist of \$278,000 from investments at lower of cost or estimated market value. All other investment income is from investments at fair market value.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2002 consisted of the following (in thousands):

| | |
|-----------------------------------|-------------------------|
| Land and land improvements | \$ 4,991 |
| Buildings | 38,324 |
| Equipment | 2,571 |
| Furniture and fixtures | 2,462 |
| Construction in progress - Note F | <u>5,659</u> |
| | 54,007 |
| Less accumulated depreciation | <u>(4,744)</u> |
| | <u>\$ 49,263</u> |

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE C – PROPERTY AND EQUIPMENT
Continued

Operating Leases – TSC has two leases, which require total monthly payments of approximately \$7,000. Future minimum rental payments that are required during the next four years ending September 30, are presented below (in thousands):

| | | | |
|------|--|-----------|-----------|
| 2003 | | \$ | 66 |
| 2004 | | | 8 |
| 2005 | | | 2 |
| 2006 | | | 1 |
| | | | 1 |
| | | \$ | 77 |

Rental expense for leased facilities was \$504,000 for the year ended September 30, 2002.

NOTE D - AMOUNTS DUE TO/FROM AFFILIATED ENTITIES

As of September 30, 2002, WBT had amounts due to and from affiliated entities as follow (in thousands):

| | Due from | | Due to |
|------------------------|-----------------|-----------|---------------|
| SIL and its affiliates | \$ 23 | \$ | 193 |
| Other U.S. Affiliates | 37 | | 50 |
| | \$ 60 | \$ | 243 |

During the year ended September 30, 2002, WBT received support from and provided support to various related entities. Such amounts included in revenue and program services were as follows (in thousands):

| | Received from | | Provided to |
|------------------------|----------------------|-----------|--------------------|
| SIL and its affiliates | \$ 310 | \$ | 84,142 |
| Other U.S. Affiliates | 835 | | 794 |
| | \$ 1,145 | \$ | 84,936 |

Of the total amount provided to affiliates, approximately \$77,884,000 is non-cash contributions related to members assigned to affiliated entities.

NOTE E – GUARANTEE TO RELATED PARTY

In November of 1998, the WBT Board of Directors approved a guarantee for a loan to the East Africa Group of SIL for the construction of the West Nairobi School. This loan is from the SIL investment pool. It is not a loan from an unrelated institution. The pool has advanced a portion of the \$2 million authorized. As of September 30, 2002, the WBT portion of the loan guarantee is \$327,000.

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE F – NEW HEADQUARTERS

On October 23, 2000, WBT broke ground in Orlando, Florida in preparation for construction of its new ministry center. WBT received significant amounts of volunteer labor and contributed materials.

Interested individuals have made faith promises to assist in the funding of this project. These promises, totaling \$4,750,000 at September 30, 2002, are conditional and may be revised or cancelled at any time by the donor and are not included in the financial statements at September 30, 2002.

As of September 30, 2002, this project is substantially complete.

NOTE G - NET ASSETS

Temporarily restricted net assets as of September 30, 2002 consist of the following (in thousands):

| | |
|---|-------------------------|
| TSC: | |
| Training center | \$ 266 |
| National translation start-up fund | 119 |
| Translation projects | 885 |
| | <u>1,270</u> |
| WBT: | |
| Projects | 4,226 |
| Irrevocable trusts | 2,718 |
| Other donor agreements | 6,121 |
| Bequests receivable - timing restricted | 2,102 |
| | <u>15,167</u> |
| | <u>\$ 16,437</u> |

Permanently restricted net assets as of September 30, 2002, consist of the amounts available for investment in perpetuity, the income from which is restricted for (in thousands):

| | |
|--------------------------|------------------------|
| Supplemental income fund | \$ 805 |
| Member ministries | 586 |
| | <u>\$ 1,391</u> |

WYCLIFFE BIBLE TRANSLATORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2002

NOTE H – HEALTH INSURANCE

WBT provides health insurance to its members limited to a lifetime maximum of \$500,000 per covered individual. WBT's net cost under this program and accruals for known and incurred but not reported claims are reported as medical claims payable in the accompanying financial statements. This reserve is based on an estimate of outstanding claims at September 30. However, the actual liability is unknown and exposure to losses in excess of the accrued reserve may exist. Management believes that the liability reflected as medical claims payable in the statement of financial position is adequate to cover future losses.

NOTE I – EMPLOYEE RETIREMENT PLAN

WBT provides non-member employees the opportunity to participate in a 403(b) retirement plan that includes matching contributions. Eligible employees are those who have completed 3 months of service and work 20 or more hours per week. Eligible employees can designate a portion of their salary to fund their retirement account and WBT matches those contributions dollar for dollar up to 2.5% of compensation. For the year ended September 30, 2002, contributions by WBT were \$31,000.

NOTE J – PROJECT FUNDING COMMITMENTS

In the normal course of business, TSC makes commitments to sponsor Bible translation projects carried on by related and foreign organizations in those countries. The sponsorships are conditional on approval of the organization's project proposal, receiving periodic progress and financial reports, and satisfactory progress toward project goals as outlined in the sponsorship agreements. The sponsorship commitments represent expected disbursements based on approved project budgets, and may vary based on currency exchange rates, staffing changes, inflationary factors and/or significant changes in the project as reported per the project agreements. At September 30, 2002, TSC had \$220,000 remaining to be disbursed under these sponsorship agreements.

NOTE K – PRIOR PERIOD ADJUSTMENT

During 2002, a mathematical error was discovered in the calculation of the actuarial liability for charitable remainder trusts for the year ended September 30, 2001. As a result, the liability for fiduciary agreements was understated and temporarily restricted net assets were overstated by approximately \$1,414,000 as of September 30, 2001. This also resulted in the overstatement of the change in value of fiduciary agreements reported on the statement of activities for the year ended September 30, 2001. In addition, the annuity reserves required by various states were classified as temporarily restricted, and should have been classified as board designated. A prior period adjustment was made to adjust the beginning unrestricted and temporarily restricted net asset balances to reflect these corrections. The comparative amounts for 2001 have been restated to reflect the retroactive application of this adjustment.