

**Audited Financial Statements**  
**Wycliffe Bible Translators, Inc.**  
**September 30, 2005**



**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FINANCIAL POSITION**

**September 30, 2005**

With Comparative Totals for the Year Ended September 30, 2004

(in thousands of dollars)

| <b>ASSETS</b>  | <b>2005</b>       | <b>2004</b>       |
|--|-------------------|-------------------|
| Cash   | \$ 1,735          | \$ 1,391          |
| Investments - <i>Note B</i>  | 54,528            | 57,852            |
| Contributions receivable, net - <i>Note C</i>                              | 370               | 251               |
| Bequests receivable  | 1,259             | 1,236             |
| Notes receivable - <i>Note D</i>   | 1,403             | 1,461             |
| Amounts due from related entities - <i>Note F</i>                          | 212               | 136               |
| Other assets   | 895               | 997               |
| Investments related to trust agreements - <i>Note B</i>                    | 8,246             | 7,151             |
| Property and equipment, net of<br>accumulated depreciation - <i>Note E</i> | 50,479            | 50,240            |
| Assets held for endowment - <i>Note B</i>                                  | 1,048             | 1,048             |
| <b>TOTAL ASSETS</b>  | <b>\$ 120,175</b> | <b>\$ 121,763</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                   |                   |
| <b>LIABILITIES</b>   |                   |                   |
| Accounts payable and accrued expenses                                      | \$ 1,925          | \$ 1,842          |
| Medical claims payable - <i>Note I</i>                                     | 1,382             | 1,214             |
| Amounts due to related entities - <i>Note F</i>                            | 100               | 170               |
| Accrued compensation   | 5,731             | 6,149             |
| Notes payable  | 635               | 645               |
| Fiduciary agreements - <i>Note A</i>                                       | 13,096            | 12,335            |
| <b>TOTAL LIABILITIES</b>   | <b>22,869</b>     | <b>22,355</b>     |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Unrestricted</b>  |                   |                   |
| Equity in property & equipment   | 50,479            | 50,240            |
| Board designated   | 7,669             | 9,624             |
| Wycliffe Mobilization Center   | (1,990)           | (4,614)           |
| Undesignated   | 10,929            | 9,552             |
| <b>Total unrestricted</b>  | <b>67,087</b>     | <b>64,802</b>     |
| Temporarily restricted - <i>Note H</i>                                     | 29,171            | 33,558            |
| Permanently restricted - <i>Note H</i>                                     | 1,048             | 1,048             |
| <b>TOTAL NET ASSETS</b>  | <b>97,306</b>     | <b>99,408</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                    | <b>\$ 120,175</b> | <b>\$ 121,763</b> |

See notes to combined financial statements.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2005**

**With Comparative Totals for the Year Ended September 30, 2004**

(in thousands of dollars)

|  | Unrestricted     | Temporarily<br>Restricted | Permanently<br>Restricted | 2005<br>Total    | 2004<br>Total    |
|--|------------------|---------------------------|---------------------------|------------------|------------------|
| <b>OPERATING SUPPORT AND REVENUE</b>                                       |                  |                           |                           |                  |                  |
| Contributions  | \$ 14,770        | \$ 108,978                | \$ -                      | \$ 123,748       | \$ 138,734       |
| Service income   | 3,277            | -                         | -                         | 3,277            | 3,452            |
| Interest and dividend income   | 2,341            | 29                        | -                         | 2,370            | 1,778            |
| Contributions to trust agreements  | -                | 467                       | -                         | 467              | 159              |
| Net gain (loss) on sale of property & equipment                            | (8)              | -                         | -                         | (8)              | 2,974            |
| Other  | 625              | -                         | -                         | 625              | 329              |
| Net assets released from restrictions                                      |                  |                           |                           | -                | -                |
| Satisfaction of program restrictions                                       | 108,676          | (108,676)                 | -                         | -                | -                |
| Satisfaction of asset acquisition<br>restrictions                          | 142              | (142)                     | -                         | -                | -                |
| Expiration of time restrictions  | 3,674            | (3,674)                   | -                         | -                | -                |
| <b>Total operating support and revenue</b>                                 | <b>133,497</b>   | <b>(3,018)</b>            | <b>-</b>                  | <b>130,479</b>   | <b>147,426</b>   |
| <b>OPERATING EXPENSES</b>  |                  |                           |                           |                  |                  |
| Program services   |                  |                           |                           |                  |                  |
| Bible translation and related<br>programs - <i>Note F</i>                  | <b>104,135</b>   | -                         | -                         | <b>104,135</b>   | <b>103,425</b>   |
| Supporting activities  |                  |                           |                           |                  |                  |
| General and administrative   | 19,453           | -                         | -                         | 19,453           | 16,968           |
| Fund raising   | 8,002            | -                         | -                         | 8,002            | 7,107            |
| <b>Total supporting services</b>   | <b>27,455</b>    | <b>-</b>                  | <b>-</b>                  | <b>27,455</b>    | <b>24,075</b>    |
| <b>Total operating expenses</b>  | <b>131,590</b>   | <b>-</b>                  | <b>-</b>                  | <b>131,590</b>   | <b>127,500</b>   |
| <b>Excess of operating support and revenue over<br/>operating expenses</b> | <b>1,907</b>     | <b>(3,018)</b>            | <b>-</b>                  | <b>(1,111)</b>   | <b>19,926</b>    |
| <b>NON-OPERATING</b>   |                  |                           |                           |                  |                  |
| Net unrealized gain on investments   | 884              | 50                        | -                         | 934              | 792              |
| Change in value of fiduciary agreements                                    | (506)            | (1,419)                   | -                         | (1,925)          | (220)            |
| <b>Total non-operating</b>   | <b>378</b>       | <b>(1,369)</b>            | <b>-</b>                  | <b>(991)</b>     | <b>572</b>       |
| <b>CHANGE IN NET ASSETS</b>  | <b>2,285</b>     | <b>(4,387)</b>            | <b>-</b>                  | <b>(2,102)</b>   | <b>20,498</b>    |
| Net assets at beginning of year:   |                  |                           |                           |                  |                  |
| As previously stated   | 64,802           | 33,558                    | 1,048                     | 99,408           | 77,615           |
| Prior period adjustments - <i>Note M</i>                                   | -                | -                         | -                         | -                | 1,295            |
| As restated  | <b>64,802</b>    | <b>33,558</b>             | <b>1,048</b>              | <b>99,408</b>    | <b>78,910</b>    |
| <b>NET ASSETS AT END OF YEAR</b>   | <b>\$ 67,087</b> | <b>\$ 29,171</b>          | <b>\$ 1,048</b>           | <b>\$ 97,306</b> | <b>\$ 99,408</b> |

See notes to combined financial statements.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF CASH FLOWS**  
**For the Year Ended September 30, 2005**  
**With Comparative Totals for the Year Ended September 30, 2004**  
(in thousands of dollars)

|  | <b>2005</b>     | <b>2004</b>     |
|--|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |                 |                 |
| Change in net assets   | \$ (2,102)      | \$ 20,498       |
| Adjustments to reconcile change in net assets<br>to net cash used by operating activities: |                 |                 |
| Depreciation   | 1,969           | 1,957           |
| (Gain) loss on disposal of property & equipment  | 8               | (2,974)         |
| Gifts-in-kind  | (2,061)         | (21,295)        |
| Net realized gain on sale of investments   | (11)            | (249)           |
| Net unrealized gain on investments   | (934)           | (792)           |
| Change in value of fiduciary agreements  | 1,923           | 220             |
| Contributions restricted for investment in property & equipment                            | (142)           | (69)            |
| Changes in assets and liabilities:   |                 |                 |
| Contributions receivable   | (119)           | (251)           |
| Bequests receivable  | (23)            | (304)           |
| Amounts due from related entities  | (76)            | (122)           |
| Other assets   | 102             | 47              |
| Accounts payable, accrued expenses & medical claims payable                                | 251             | 326             |
| Amounts due to members & related entities  | (488)           | (56)            |
| Amounts due other remaindermen   | (193)           | 196             |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>   | <b>(1,896)</b>  | <b>(2,868)</b>  |
| <b>INVESTING ACTIVITIES</b>  |                 |                 |
| Purchase of investments  | (13,013)        | (23,166)        |
| Proceeds from sale of investments and gift-in-kind stock                                   | 17,084          | 22,691          |
| Payments received on notes receivable  | 58              | 49              |
| Proceeds from sale of property held for sale   | -               | 3,355           |
| Purchase of property & equipment   | (1,053)         | (1,276)         |
| Proceeds from sale of property & equipment   | 1               | 537             |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   | <b>3,077</b>    | <b>2,190</b>    |
| <b>FINANCING ACTIVITIES</b>  |                 |                 |
| Proceeds from new fiduciary agreements   | 440             | 1,402           |
| Payments on fiduciary agreements   | (1,409)         | (1,722)         |
| Proceeds from notes payable  | (10)            | -               |
| Contributions restricted for investment in property & equipment                            | 142             | 69              |
| <b>NET CASH USED BY FINANCING ACTIVITIES</b>   | <b>(837)</b>    | <b>(251)</b>    |
| <b>NET CHANGE IN CASH</b>  | 344             | (929)           |
| Cash at beginning of year  | 1,391           | 2,320           |
| <b>CASH AT END OF YEAR</b>   | <b>\$ 1,735</b> | <b>\$ 1,391</b> |
| <b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>  |                 |                 |
| Transfer of assets from property and equipment to property<br>held for sale                | <b>\$ -</b>     | <b>\$ 17</b>    |

See notes to combined financial statements.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**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-nine 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), Moss Park Holdings (MPH), and the Wycliffe Bible Translation Foundation (Wycliffe Foundation). 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 created 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.

The Wycliffe Foundation is a California non-profit corporation headquartered in Orlando, Florida. It supports 501(c)(3) tax-exempt organizations that are involved in Bible translation by engaging in gift planning services and planned gift administration. Some of the planned giving instruments that are used by Wycliffe Foundation include wills, annuities, trusts, endowments and donor-advised funds.

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

- ❖ Wycliffe Associates, Inc. (WA) is committed to involving people in the advancement of Bible translation worldwide through programs of prayer, financial stewardship, and international volunteer service opportunities.
- ❖ 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. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*Continued*

**Members:** The work of WBT is primarily carried out by approximately 4,000 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, 2004, from which the summarized information was derived.

**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. From time to time, WBT has cash deposits in excess of federally insured limits; however, WBT has not experienced any losses on these accounts and does not believe that it is exposed to any significant credit risk. 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 combined 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 combined statement of activities. Investment income is reported as unrestricted unless specifically restricted by donors or by law.

**Contributions Receivable:** Unconditional promises to give to WBT are recognized as income when made and recorded at fair value based upon estimated future cash flows. Allowances are recorded for estimated uncollectible promises based on management's judgment, including such factors as type of contribution and nature of fund raising activity.

Conditional promises to give are recognized as income to WBT when the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. The allowance for uncollectible amounts is provided for contributions receivable estimated to be uncollectible.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*Continued*

**Bequests Receivable:** Bequests receivable that have been approved by the probate court and are measurable are recorded at net realizable value. In most cases, proceeds are expected to be received within one year.

**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  |

**Notes Payable:** Notes payable consist of uncollateralized, interest-free notes, due on demand. Imputed interest of approximately \$25,000 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. Trust assets are recognized on the basis of their fair market value and reported as investments related to trust agreements (Note B). The total liabilities under fiduciary agreements for the year ended September 30, 2005 were as follows (in thousands):

|                             |                  |
|-----------------------------|------------------|
| Annuity contracts           | \$ 6,327         |
| Revocable charitable trusts | 2,322            |
| Charitable remainder trusts | 3,649            |
| Amounts due others          | 798              |
|                             | <u>\$ 13,096</u> |

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 of \$506,000 in 2005 is recorded as non-operating income on the combined 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.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**Continued**

**Fiduciary Agreements, continued:** 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.

**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.

All contribution income of entities that are Wycliffe organizations are subject to a ten percent (10%) assessment, which is to be used for general and administrative expenses with instructions to the administration that waivers of this assessment not be made. This assessment is reclassified from temporarily restricted to unrestricted net assets at the time the contribution is received.

**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 \$191,000 in donated services was recognized as revenue and included in construction in progress in 2005. 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 combined statement of activities. Accordingly, certain costs have been allocated among the program services and activities benefited.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE A - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**Continued**

**Allocation of Expenses, continued:** WBT incurred joint costs of \$16,771,000 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.

In connection with joint activities that included direct mail fund raising, donor meetings and communications, newsletters and reports, website and information systems, the Wycliffe Seed Company incurred joint costs of approximately \$739,000. Of these costs, \$340,000 was allocated to fund raising, \$159,000 was allocated to administration and \$240,000 was allocated to program activities.

**NOTE B – INVESTMENTS**

WBT's investments at September 30, 2005 are as follows (in thousands):

Investments (includes funding for gift annuities):

Investments at fair market value:

|              |        |
|--------------|--------|
| Stocks       | \$ 617 |
| Mutual funds | 4,626  |
| Bonds        | 9,239  |
| Pooled funds | 38,153 |
|              | 52,635 |

Investments at lower of cost or estimated market value:

|                                   |        |
|-----------------------------------|--------|
| Investment in limited partnership | 2,703  |
| Land and buildings                | 238    |
|                                   | 55,576 |

|                                 |                  |
|---------------------------------|------------------|
| Less: Assets held for endowment | (1,048)          |
|                                 | <b>\$ 54,528</b> |

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

|              |                 |
|--------------|-----------------|
| Mutual funds | \$ 7,654        |
| Pooled funds | 592             |
|              | <b>\$ 8,246</b> |

Investments in pooled funds represent WBT's funds that are combined with funds from other entities for investment purposes in an investment pool owned and operated by SIL. The funds are invested by SIL in a variety of fixed income securities including US Treasury issues, corporate bonds, foreign domestic bonds which borrow and pay in US dollars and certificates of deposit. The deposits are carried at the value of actual deposits made plus accrued interest. The deposits earn interest at the current rate (as of September 30, 2005) of 3.5%. 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.

Unrestricted interest and dividends includes \$600,000 from investments at lower of cost or estimated market value. All other investment income is from investments at fair market value.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE C – CONTRIBUTIONS RECEIVABLE, NET**

Wycliffe Foundation began a campaign entitled “The Chairman’s Challenge” in order to raise \$1 million towards a matching challenge gift of \$1 million to establish the infrastructure of Wycliffe Foundation and be used to develop the gift-planning products and tools needed to generate income for Vision 2025 (WBT’s vision to see Bible translation in progress in every language group that needs it by 2025). In conjunction with this campaign, Wycliffe Foundation has accepted cumulative unconditional promises to give totaling approximately \$1,022,206 of which \$849,122 had been collected or reserved for by year-end. These promises to give are due to be collected through 2006 and are reported as contributions receivable in the combined statement of financial position as an asset and recognized as temporarily restricted contributions in the combined statement of activities. Remaining promises to give are reflected at the present value of estimated future cash flows using a discount rate of 4.5%.

A separate, unconditional promise was made in October of 2004 for \$350,000 as a multi-year grant to meet the needs of TSC related to the production of 1,000 New Testament translations by 2015. The remaining \$170,931 of the grant was sent out at the end of September of 2005 and received in October. Also, a \$26,378 check with an incorrect payee was received in September 2005 and returned to the donor for correction. The corrected contribution was received in October. Both amounts have been included in contributions receivable in the combined statement of financial position.

The net amount of these receivables is based on an estimate of future cash flows at September 30, 2005. Due to the unknown factors which may affect individual donor’s future cash flows, it is reasonably possible that the estimated future cash flows of contributions receivable could increase or decrease by a material amount in the near term. Management believes that the asset values reflected in the combined statement of financial position approximate fair value at September 30, 2005.

(in thousands)

|  |               |
|--|---------------|
| Unconditional promises to give before unamortized discount | \$ 372        |
| Less: unamortized discount                                 | (2)           |
| Net contributions receivable                               | <b>\$ 370</b> |

At September 30, 2005, contributions receivable are expected to mature as follows:

|                        |               |
|------------------------|---------------|
| Amounts due in:        |               |
| Less than one year     | \$ 336        |
| One year to five years | 34            |
|                        | <b>\$ 370</b> |

**NOTE D – NOTES RECEIVABLE**

Notes receivable includes an installment note secured by a deed of trust. The note bears interest at 6%. Principal and interest payments totaling \$14,000 are due monthly through December 13, 2011, at which time the remaining balance of principal and interest shall become due. The balance on this note at September 30, 2005 is approximately \$1,389,000. Also included in notes receivable are notes totaling approximately \$14,000 which bear interest at 8%.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2005 consisted of the following (in thousands):

|                               |                         |
|-------------------------------|-------------------------|
| Land and land improvements    | \$ 7,256                |
| Buildings                     | 41,362                  |
| Equipment                     | 3,118                   |
| Furniture and fixtures        | 4,237                   |
|                               | <u>55,973</u>           |
| Less accumulated depreciation | <u>(10,110)</u>         |
|                               | 45,863                  |
| Construction in progress      | 4,616                   |
|                               | <u><u>\$ 50,479</u></u> |

Operating leases – TSC has three leases, which require monthly payments of \$135, \$4,376 and \$11,014, respectively. Minimum future rentals as of September 30, 2005 are (in thousands):

|            |                        |
|------------|------------------------|
| 2006       | \$ 243                 |
| 2007       | 195                    |
| 2008       | 195                    |
| 2009       | 200                    |
| 2010       | 200                    |
| Thereafter | 17                     |
|            | <u><u>\$ 1,050</u></u> |

Rental expense for leased facilities was \$186,348 for the year ended September 30, 2005.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE F – TRANSACTIONS WITH RELATED ENTITIES**

As of September 30, 2005, WBT had amounts due to and from related entities as follows (in thousands):

|                        | <b>Due from</b> | <b>Due to</b> |
|------------------------|-----------------|---------------|
| Members                | \$ 59           | \$ 4          |
| SIL and its affiliates | 91              | 54            |
| Other U.S. affiliates  | 62              | 42            |
|                        | <u>\$ 212</u>   | <u>\$ 100</u> |

During the year ended September 30, 2005, WBT received support from and provided support to various related entities. Such amounts included in revenue and program services were as follows (in thousands):

|                        | <b>Received<br/>from</b> | <b>Provided<br/>to</b> |
|------------------------|--------------------------|------------------------|
| SIL and its affiliates | \$ 527                   | \$ 91,290              |
| Other U.S. affiliates  | 823                      | 599                    |
|                        | <u>\$ 1,350</u>          | <u>\$ 91,889</u>       |

Of the total amount provided to affiliates, approximately \$2,984,000 is non-cash contributions related to members assigned to affiliated entities.

The affiliated entities supported by Wycliffe Foundation have agreed to help fund the initial costs of the Foundation through an obligatory contribution totaling \$3,000,000. This amount is to be received over the first three years of support for each entity. The majority of this funding will be provided by WBT. Each affiliated entity's obligation to pay this contribution can be reduced by donor's contributions to the Chairman's Challenge campaign that are earmarked to a specific affiliate. As a result, these amounts are considered to be conditional promises, payable only if other donor contributions are not received within the first three years of support. As such, they will not be recognized as revenue until these conditions are substantially met. As of September 30, 2005, approximately \$1,982,000 has been received from the supporting entities.

**NOTE G – 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, 2005, the WBT portion of the loan guarantee is \$290,000.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE H – NET ASSETS**

Temporarily restricted net assets as of September 30, 2005 consisted of the following (in thousands):

|   |                         |
|---|-------------------------|
| TSC:  |                         |
| Purpose restricted:   |                         |
| Training center   | \$ 241                  |
| Language projects and translations                              | 1,001                   |
|   | <u>1,242</u>            |
| Contributions receivable - time restricted                      | 197                     |
|   | <u>1,439</u>            |
| WF:   |                         |
| Chairman's Challenge contributions receivable - time restricted | 173                     |
|   | <u>173</u>              |
| WBT:  |                         |
| Purpose restricted:   |                         |
| Projects  | 19,131                  |
| Time restricted:  |                         |
| Irrevocable trusts  | 2,573                   |
| Other donor agreements  | 4,596                   |
| Bequests receivable   | 1,259                   |
|   | <u>27,559</u>           |
|   | <u><b>\$ 29,171</b></u> |

Permanently restricted net assets as of September 30, 2005, consisted of the amounts available for investment in perpetuity, the income from which is restricted for (in thousands):

|                          |                        |
|--------------------------|------------------------|
| Supplemental income fund | \$ 463                 |
| Member ministries        | 585                    |
|                          | <u>1,048</u>           |
|                          | <u><b>\$ 1,048</b></u> |

**NOTE I – 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 combined statement of financial position is adequate to cover future losses.

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE J – 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, 2005, contributions by WBT were \$40,000.

Wycliffe Foundation provides employees the opportunity to participate in a 401(k) 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 Wycliffe Foundation matches those contributions dollar for dollar up to 4% of compensation. For the year ended September 30, 2005, contributions by Wycliffe Foundation were \$21,046.

**NOTE K – FAIR VALUE OF FINANCIAL INSTRUMENTS**

WBT has a number of financial instruments, consisting of cash, accrued interest receivable, accounts receivable, notes receivable and various marketable securities. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

**Cash, notes receivable, accounts payable and notes payable:** The carrying amounts approximate fair value due to the short-term maturity of these instruments.

**Investments, investments related to trust agreements and assets held for endowment:** The basis of the fair values of investments is summarized in Note A.

**Fiduciary agreements:** The fair value is based on the present value of future cash flows to annuitants, income beneficiaries and other remainderman, respectively, using published mortality rate tables adopted by the IRS at an assumed rate of return of 5.6 - 6%.

The estimated fair values of WBT's financial instruments are as follows:

|   | <b>Carrying<br/>Amount</b> |    | <b>Fair<br/>Value</b> |
|---|----------------------------|----|-----------------------|
| <b>Assets:</b>                          |                            |    |                       |
| Cash                                    | \$ 1,735                   | \$ | 1,735                 |
| Investments                             | 54,528                     |    | 54,528                |
| Notes receivable                        | 1,403                      |    | 1,403                 |
| Investments related to trust agreements | 8,246                      |    | 8,246                 |
| Assets held for endowment               | 1,048                      |    | 1,048                 |
| <b>Liabilities:</b>                     |                            |    |                       |
| Accounts payable and accrued expenses   | \$ 1,925                   | \$ | 1,925                 |
| Notes payable                           | 635                        |    | 635                   |
| Fiduciary agreements                    | 13,096                     |    | 13,096                |

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE L – 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, 2005, TSC had \$200,949 remaining to be disbursed under these sponsorship agreements.

**NOTE M – PRIOR PERIOD ADJUSTMENT**

During 2005, an error in previously reported construction in progress and contribution revenue was discovered. Materials and other construction costs donated by a related entity during 2004 and prior were not recorded as contribution revenue and construction in progress when received. As a result, the 2004 financial statements have been restated to reflect additional contributions of \$213,000 and an increase in property, plant and equipment of \$1,508,000. Beginning net assets as of September 30, 2003 have been restated as shown below (in thousands):

|  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>     |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| Net assets as of September 30, 2003,<br>as previously stated                                   | \$ 61,741           | \$ 14,828                         | \$ 1,046                          | \$ 77,615        |
| Capitalize donated materials and<br>construction costs received during<br>2003 and prior years | 1,295               | -                                 | -                                 | 1,295            |
| Net assets as of September 30, 2003,<br>as restated  | <u>\$ 63,036</u>    | <u>\$ 14,828</u>                  | <u>\$ 1,046</u>                   | <u>\$ 78,910</u> |

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**September 30, 2005**  
(in thousands of dollars)

| ASSETS   | Wycliffe Bible<br>Translators | Wycliffe<br>Foundation | The Seed<br>Company | Moss Park<br>Holdings | Eliminations      | Total             |
|--|-------------------------------|------------------------|---------------------|-----------------------|-------------------|-------------------|
| Cash   | \$ 1,016                      | \$ 594                 | \$ 112              | \$ 13                 | \$ -              | \$ 1,735          |
| Investments  | 54,444                        | -                      | 1,648               | 2,703                 | (4,267)           | 54,528            |
| Contributions receivable, net                              | -                             | 173                    | 197                 | -                     | -                 | 370               |
| Bequests receivable  | 1,259                         | -                      | -                   | -                     | -                 | 1,259             |
| Notes receivable   | 1,403                         | -                      | -                   | -                     | -                 | 1,403             |
| Amounts due from affiliated entities                       | 144                           | 356                    | 95                  | -                     | (383)             | 212               |
| Other assets   | 731                           | 7                      | 104                 | 53                    | -                 | 895               |
| Investments related to trust agreements                    | 8,246                         | -                      | 100                 | -                     | (100)             | 8,246             |
| Property and equipment, net of<br>accumulated depreciation | 50,086                        | 47                     | 346                 | -                     | -                 | 50,479            |
| Assets held for endowment                                  | 1,048                         | -                      | -                   | -                     | -                 | 1,048             |
| <b>TOTAL ASSETS</b>  | <b>\$ 118,377</b>             | <b>\$ 1,177</b>        | <b>\$ 2,602</b>     | <b>\$ 2,769</b>       | <b>\$ (4,750)</b> | <b>\$ 120,175</b> |
| <b>LIABILITIES AND NET ASSETS</b>                          |                               |                        |                     |                       |                   |                   |
| <b>LIABILITIES</b>   |                               |                        |                     |                       |                   |                   |
| Accounts payable and accrued expenses                      | \$ 1,845                      | \$ 8                   | \$ 72               | \$ -                  | \$ -              | \$ 1,925          |
| Medical claims payable                                     | 1,382                         | -                      | -                   | -                     | -                 | 1,382             |
| Amounts due to affiliated entities                         | 461                           | -                      | 7                   | 15                    | (383)             | 100               |
| Accrued compensation                                       | 5,686                         | 45                     | -                   | -                     | -                 | 5,731             |
| Notes payable  | 635                           | -                      | -                   | -                     | -                 | 635               |
| Fiduciary agreements                                       | 13,196                        | -                      | -                   | -                     | (100)             | 13,096            |
| <b>TOTAL LIABILITIES</b>                                   | <b>23,205</b>                 | <b>53</b>              | <b>79</b>           | <b>15</b>             | <b>(483)</b>      | <b>22,869</b>     |
| <b>NET ASSETS</b>  |                               |                        |                     |                       |                   |                   |
| <b>Unrestricted</b>  |                               |                        |                     |                       |                   |                   |
| Equity in property & equipment                             | 50,086                        | 47                     | 346                 | -                     | -                 | 50,479            |
| Board designated   | 7,569                         | -                      | -                   | -                     | 100               | 7,669             |
| Wycliffe Mobilization Center                               | (1,990)                       | -                      | -                   | -                     | -                 | (1,990)           |
| Undesignated   | 10,900                        | 904                    | 638                 | 2,754                 | (4,267)           | 10,929            |
| <b>Total unrestricted</b>                                  | <b>66,565</b>                 | <b>951</b>             | <b>984</b>          | <b>2,754</b>          | <b>(4,167)</b>    | <b>67,087</b>     |
| Temporarily restricted                                     | 27,559                        | 173                    | 1,539               | -                     | (100)             | 29,171            |
| Permanently restricted                                     | 1,048                         | -                      | -                   | -                     | -                 | 1,048             |
| <b>TOTAL NET ASSETS</b>                                    | <b>95,172</b>                 | <b>1,124</b>           | <b>2,523</b>        | <b>2,754</b>          | <b>(4,267)</b>    | <b>97,306</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                    | <b>\$ 118,377</b>             | <b>\$ 1,177</b>        | <b>\$ 2,602</b>     | <b>\$ 2,769</b>       | <b>\$ (4,750)</b> | <b>\$ 120,175</b> |

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2005  
(in thousands of dollars)

|  | Wycliffe Bible<br>Translators | Wycliffe<br>Foundation | The Seed<br>Company | Moss Park<br>Holdings | Eliminations      | Total            |
|--|-------------------------------|------------------------|---------------------|-----------------------|-------------------|------------------|
| <b>OPERATING SUPPORT AND REVENUE</b>                                   |                               |                        |                     |                       |                   |                  |
| Contributions  | \$ 117,139                    | \$ 6,991               | \$ 4,578            | \$ -                  | \$ (4,960)        | \$ 123,748       |
| Service income   | 3,188                         | 24                     | 83                  | -                     | (18)              | 3,277            |
| Interest and dividend income   | 3,696                         | -                      | 69                  | 560                   | (1,955)           | 2,370            |
| Contributions to trust agreements                                      | 467                           | -                      | -                   | -                     | -                 | 467              |
| Net loss on sale of property & equipment                               | (8)                           | -                      | -                   | -                     | -                 | (8)              |
| Other  | 561                           | -                      | 64                  | -                     | -                 | 625              |
| <b>Total operating support and revenue</b>                             | <b>125,043</b>                | <b>7,015</b>           | <b>4,794</b>        | <b>560</b>            | <b>(6,933)</b>    | <b>130,479</b>   |
| <b>OPERATING EXPENSES</b>  |                               |                        |                     |                       |                   |                  |
| Program services   |                               |                        |                     |                       |                   |                  |
| Bible translation and related programs                                 | 101,091                       | 4,584                  | 3,399               | -                     | (4,939)           | 104,135          |
| Supporting services  |                               |                        |                     |                       |                   |                  |
| General and administrative   | 17,614                        | 1,056                  | 625                 | 2,117                 | (1,959)           | 19,453           |
| Fund raising   | 6,386                         | 761                    | 869                 | -                     | (14)              | 8,002            |
| Total supporting services  | 24,000                        | 1,817                  | 1,494               | 2,117                 | (1,973)           | 27,455           |
| <b>Total operating expenses</b>  | <b>125,091</b>                | <b>6,401</b>           | <b>4,893</b>        | <b>2,117</b>          | <b>(6,912)</b>    | <b>131,590</b>   |
| <b>Excess of operating support and revenue over operating expenses</b> | <b>(48)</b>                   | <b>614</b>             | <b>(99)</b>         | <b>(1,557)</b>        | <b>(21)</b>       | <b>(1,111)</b>   |
| <b>NON-OPERATING</b>   |                               |                        |                     |                       |                   |                  |
| Net unrealized gain on investments                                     | 934                           | -                      | -                   | -                     | -                 | 934              |
| Change in value of fiduciary agreements                                | (1,946)                       | -                      | -                   | -                     | 21                | (1,925)          |
| Total non-operating  | (1,012)                       | -                      | -                   | -                     | 21                | (991)            |
| <b>CHANGE IN NET ASSETS</b>  | <b>(1,060)</b>                | <b>614</b>             | <b>(99)</b>         | <b>(1,557)</b>        | <b>-</b>          | <b>(2,102)</b>   |
| Net assets at beginning of year  | 96,232                        | 510                    | 2,622               | 4,311                 | (4,267)           | 99,408           |
| <b>NET ASSETS AT END OF YEAR</b>                                       | <b>\$ 95,172</b>              | <b>\$ 1,124</b>        | <b>\$ 2,523</b>     | <b>\$ 2,754</b>       | <b>\$ (4,267)</b> | <b>\$ 97,306</b> |