

Audited Combined Financial Statements
WYCLIFFE BIBLE TRANSLATORS, INC.

September 30, 2009

CAPINCROUSE_{LLP}
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INDEPENDENT AUDITORS' 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, 2009, 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 2008 combined financial statements and, in our report dated February 23, 2009, we expressed an unqualified opinion on those combined financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 combined 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, 2009, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The combining financial statements on pages 18 and 19 are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

As discussed in Note J, L and M, the organization has adopted the new provisions of the following topics of the FASB Accounting Standards Codification: Fair Value Measurements and Disclosures, Endowments and Subsequent Events. The adoption of these standards had no impact on previously reported net assets.



Wheaton, Illinois
February 5, 2010

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2009

With Comparative Totals for the Year Ended September 30, 2008

(in thousands of dollars)

ASSETS	2009	2008
Cash	\$ 1,119	\$ 670
Investments - <i>Note B</i>	111,062	62,836
Bequests receivable	195	460
Notes receivable - <i>Note C</i>	2,352	1,223
Amounts due from related entities - <i>Note E</i>	669	884
Other assets	760	976
Investments related to trust agreements - <i>Note B</i>	6,452	7,008
Property and equipment, net of accumulated depreciation - <i>Note D</i>	43,330	47,674
Assets held for endowment - <i>Note B</i>	1,863	1,859
TOTAL ASSETS	\$ 167,802	\$ 123,590
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 572	\$ 784
Medical claims payable - <i>Note H</i>	1,300	1,300
Amounts due to related entities - <i>Note E</i>	822	849
Accrued compensation	7,111	7,590
Notes payable	337	337
Fiduciary agreements - <i>Note A</i>	12,672	12,868
TOTAL LIABILITIES	22,814	23,728
NET ASSETS		
Unrestricted:		
Equity in property and equipment	43,330	47,674
Board designated	11,153	8,486
Wycliffe Mobilization Center	(3,174)	(3,167)
Undesignated	26,579	14,656
Total unrestricted	77,888	67,649
Temporarily restricted - <i>Note G</i>	65,465	30,588
Permanently restricted - <i>Note G</i>	1,635	1,625
TOTAL NET ASSETS	144,988	99,862
TOTAL LIABILITIES AND NET ASSETS	\$ 167,802	\$ 123,590

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

With Comparative Totals for the Year Ended September 30, 2008
(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
OPERATING SUPPORT AND REVENUE					
Contributions	\$ 24,768	\$ 175,756	\$ 10	\$ 200,534	\$ 152,980
Service income	2,360	-	-	2,360	3,001
Interest and dividend income	3,259	85	-	3,344	2,823
Net gain on sale of property and equipment and property held for sale	1,762	-	-	1,762	115
Other	1,040	-	-	1,040	337
Net assets released from restrictions:					
Satisfaction of program restrictions	138,498	(138,498)	-	-	-
Expiration of time restrictions	2,339	(2,339)	-	-	-
Total operating support and revenue	174,026	35,004	10	209,040	159,256
OPERATING EXPENSES					
Program services:					
Bible translation and related programs - <i>Note E</i>	137,267	-	-	137,267	138,178
Supporting activities:					
General and administrative	13,923	-	-	13,923	12,356
Fund raising	12,522	-	-	12,522	8,989
Total supporting services	26,445	-	-	26,445	21,345
Total operating expenses	163,712	-	-	163,712	159,523
Excess of operating support and revenue over operating expenses	10,314	35,004	10	45,328	(267)
NON-OPERATING					
Net realized/unrealized gain (loss) on investments	183	(22)	-	161	(1,929)
Change in value of fiduciary agreements	(258)	(105)	-	(363)	(2,075)
Total non-operating	(75)	(127)	-	(202)	(4,004)
CHANGE IN NET ASSETS	10,239	34,877	10	45,126	(4,271)
Net assets at beginning of year	67,649	30,588	1,625	99,862	104,133
NET ASSETS AT END OF YEAR	\$ 77,888	\$ 65,465	\$ 1,635	\$ 144,988	\$ 99,862

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2009
With Comparative Totals for the Year Ended September 30, 2008
(in thousands of dollars)

	2009	2008
OPERATING ACTIVITIES		
Change in net assets	\$ 45,126	\$ (4,271)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,576	2,639
Gain on disposal of property and equipment and property held for sale	(1,762)	(115)
Gifts-in-kind	(2,186)	(2,415)
Net realized/unrealized (gain) loss on sale of investments	(161)	1,929
Change in value of fiduciary agreements	363	2,075
Contributions restricted for investment in property and equipment	-	(8)
Contributions restricted for endowment	(10)	(2)
Changes in assets and liabilities:		
Bequests receivable	265	(167)
Amounts due from related entities	215	(529)
Other assets	216	(160)
Accounts payable, accrued expenses and medical claims payable	(212)	18
Amounts due to related entities	(27)	54
Accrued compensation	(479)	1,364
Amounts due other remaindermen	133	(517)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	44,057	(105)
INVESTING ACTIVITIES		
Purchase of investments	(63,706)	(11,473)
Proceeds from sale of investments and gift-in-kind stock	19,739	14,639
Proceeds from issuance of new notes receivable	(1,210)	60
Payments received on notes receivable	81	-
Purchase of property and equipment	(278)	(645)
Proceeds from sale of property and equipment and property held for sale	2,448	140
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(42,926)	2,721
FINANCING ACTIVITIES		
Proceeds from new fiduciary agreements	619	744
Investment income from fiduciary agreements	285	(1,600)
Payments on fiduciary agreements	(1,596)	(2,018)
Proceeds from notes payable	-	(100)
Contributions restricted for endowment	10	2
Contributions restricted for investment in property and equipment	-	8
NET CASH USED BY FINANCING ACTIVITIES	(682)	(2,964)
NET CHANGE IN CASH	449	(348)
Cash at beginning of year	670	1,018
CASH AT END OF YEAR	\$ 1,119	\$ 670
SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITY:		
Transfer of assets from property and equipment to property held for sale	\$ 3,036	\$ 1,777

See notes to combined financial statements.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

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-five 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 invested in a limited partnership. MPH has a right to 20% of the profits on sales of land owned by the limited partnership. 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.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Related entities, not included in these combined 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. (TCA) 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.
- ❖ Graduate Institute of Applied Linguistics is a graduate professional institute that provides training and research opportunities in such areas as linguistics, language and culture learning, language assessment and development, literacy, and Bible translation and equips students with the skills to train and serve others.

Members: The work of WBT is primarily carried out by approximately 3,800 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 combined 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 accounting principles generally accepted in the United States of America (GAAP) 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 combined 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 GAAP. Accordingly, such information should be read in conjunction with the WBT combined financial statements for the year ended September 30, 2008, from which the summarized information was derived. Certain amounts in the 2008 combined financial statements have been reclassified to conform to the 2009 presentation.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 and Investments Related to Trust Agreements: 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. Pooled funds, land and buildings and limited partnership interests are recorded at the lower of cost or estimated market value. Realized and 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.

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 minimum threshold amounts of \$5,000 for Wycliffe USA, \$3,000 for The Seed Company and \$500 for Wycliffe Foundation 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 \$14,000 has not been recorded due to immateriality.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2009, were as follows (in thousands):

Annuity contracts	\$	7,351
Revocable charitable trusts		1,253
Charitable remainder trusts		2,504
Amount due to other remaindermen		1,564
		\$ 12,672

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 approximately \$447,000 in 2009 is included in unrestricted change in value of fiduciary agreements 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.

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. For the year ended September 30, 2009, contributions to trust agreements totaled approximately \$3,000.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

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. One donor provided 25% of contributions in 2009.

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 \$516,000 in donated services was recognized as revenue and included in construction in progress in 2009. In addition, approximately \$71,000 in donated services was recognized as revenue and included in general and administrative expense. Volunteers also provided other services throughout the year that are not recognized as contributions in the combined financial statements because 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. WBT incurred joint costs of approximately \$15,869,000 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.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE B – INVESTMENTS

WBT's investments at September 30, 2009, were as follows (in thousands):

Investments at fair value (includes assets related to gift annuities):

Cash and cash equivalents	\$ 7,972
Accrued interest	233
Stocks	541
Mutual funds	11,188
Bonds	8,495
U.S. Government securities	30,325
	<u>58,754</u>

Investments at lower of cost or estimated market value:

Pooled funds	49,503
Investment in limited partnership	108
Land and buildings	4,560
	<u>112,925</u>

Less: assets held for endowment

(1,863)

\$ 111,062

Investments related to trust agreements:

Cash and cash equivalents	\$ 166
Mutual funds	4,471
Pooled funds	1,815
	<u>\$ 6,452</u>

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 a stated rate, which was 4% as of September 30, 2009 (interest recorded in the combined statement of activities was approximately \$1,539,000). 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.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE C – NOTES RECEIVABLE

Notes receivable as of September 30, 2009, consisted of the following (in thousands):

Notes receivable secured by deed of trust. Bears interest at 6%. Principal and interest payments totaling approximately \$14,000 are due monthly through December 13, 2011, at which time the remaining balance of principal and interest shall become due. \$ 1,161

Notes receivable secured by deed of trust. Bears interest at 4%. Note matures October 31, 2009. Note was paid in full subsequent to year end and was with TCA, a related party. 65

Notes receivable secured by deed of trust. Bears interest at 7%. Principal and interest payments totaling approximately \$10,000 are due monthly through August 1, 2024, at which time the remaining balance of principal and interest shall become due. 1,126
\$ 2,352

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2009, consisted of the following (in thousands):

Land and land improvements	\$ 4,618
Buildings	44,291
Equipment	5,083
Furniture and fixtures	4,446
	<u>58,438</u>
Less accumulated depreciation	<u>(16,719)</u>
	41,719
Construction in progress	1,611
	<u><u>\$ 43,330</u></u>

Operating leases – TSC has three leases, which require monthly payments totaling approximately \$26,000. WBT has three leases, which require monthly payments totaling approximately \$3,000. Minimum future rentals as of September 30, 2009, are (in thousands):

2010	\$ 251
2011	19
	<u><u>\$ 270</u></u>

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE D – PROPERTY AND EQUIPMENT , continued

Rental expense for leased facilities for TSC and WBT was approximately \$348,000 for the year ended September 30, 2009.

During 2008, TSC entered into a lease agreement to sublease building space. The lease is for 24 months and expires on January 31, 2010. The lease requires a monthly payment of approximately \$2,000 for the first year of the lease with an increase equal to the Consumer Price Index, not to be less than 2% and not to be greater than 5%, thereafter. Future minimum leases payments is approximately \$9,000 for 2010. TSC received approximately \$55,000 in rental income during 2009.

NOTE E – TRANSACTION WITH RELATED ENTITIES

As of September 30, 2009, WBT had amounts due to and from related entities as follows (in thousands):

	Due from	Due to
Members	\$ 526	\$ 381
SIL and its affiliates	98	441
Other U.S. affiliates	45	-
	<u>\$ 669</u>	<u>\$ 822</u>

During the year ended September 30, 2009, 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	\$ 3,967	\$ 103,270
Other U.S. affiliates	2,235	5,429
	<u>\$ 6,202</u>	<u>\$ 108,699</u>

Of the total amounts received from and provided to affiliates, approximately \$2,937,500 and \$77,407,000, respectively, are non-cash contributions related to members assigned to affiliated entities.

NOTE F – 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 and as such is from a related institution. The pool has advanced a portion of the \$2 million authorized. As of September 30, 2009, the WBT portion of the loan guarantee is approximately \$201,000.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE G – NET ASSETS

Temporarily restricted net assets as of September 30, 2009, consisted of the following (in thousands):

TSC:

Purpose restricted:

Training Center	\$ 241
Language projects and translations	10,983
	11,224

WBT:

Purpose restricted:

Projects	46,523
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Time restricted:

Irrevocable trusts	1,803
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Other donor agreements	5,720
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Bequests receivable	195
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54,241
\$ 65,465

Permanently restricted net assets as of September 30, 2009, consisted of the amounts available for investment in perpetuity, the income from which is restricted for (in thousands):

Supplemental income funds	\$ 479
Supplemental retirement funds	601
Scholarship funds	488
Member support funds	67
	\$ 1,635

NOTE H – HEALTH INSURANCE

WBT provides health insurance to its members limited to a lifetime maximum of \$600,000 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 combined 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.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

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, 2009, contributions by WBT were approximately \$76,000.

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, 2009, contributions by Wycliffe Foundation were approximately \$41,000.

TSC has established a 403(b) retirement plan. TSC matches employee contributions at 100% up to 2% of annual salary and contributes another 3% of salary beyond the match. Employees are eligible for the plan after completely satisfying the earnings requirement and service requirements. Employees are vested gradually over a two year period. For the year ended September 30, 2009, TSC contributed approximately \$44,000 to this plan.

NOTE J – DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT

Fair Value of Financial Instruments: The following disclosure of estimated fair value of financial instruments is made in accordance with the Financial Instruments Topic of the FASB Accounting Standards Codification. The estimated fair value amounts have been determined by WBT using available market information and appropriate valuation methodologies.

The estimated fair values of WBT's financial instruments are as follows (in thousands):

	Carrying Amount	Fair Value
Assets:		
Cash	\$ 1,119	\$ 1,119
Investments	111,062	111,062
Notes receivable	2,352	2,352
Investments related to trust agreements	6,452	6,452
Assets held for endowment	1,863	1,863
Liabilities:		
Accounts payable and accrued expenses	\$ 572	\$ 572
Notes payable	337	337
Fiduciary agreements	12,672	12,672

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE J – DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

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.

Common stock, money markets and U.S. Government securities: The fair value of these financial instruments is based on quoted market prices or dealer quotes, when available.

Corporate bonds: The fair value of these financial instruments is based on yields currently available on comparable securities of issuers with similar credit ratings.

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%.

Fair Value Measurements: Effective October 1, 2008, WBT adopted the new provisions of the Fair Value Measurement and Disclosure Topic of the FASB Accounting Standards Codification. The new provisions have been applied prospectively as of the beginning of the year. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quote prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. WBT uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, WBT measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying combined statement for financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2009 (in thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 7,235	\$ 7,235	\$ -	\$ -
Mutual funds	15,659	15,659	-	-
Stocks	541	256	-	285
U.S. govt agency bonds	30,325	30,325	-	-
Corporate bonds	8,495	-	8,495	-

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE J – DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

The following table provides further details of the Level 3 fair value measurements (in thousands):

	Corporate Stocks
Beginning balance	\$ -
Contribution of restricted stock	285
Ending balance	<u>\$ 285</u>

NOTE K – 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, 2009, TSC had approximately \$688,000 remaining to be disbursed under these sponsorship agreements.

NOTE L – ENDOWMENT FUNDS

Effective October 1, 2008, WBT adopted the new provisions of the Endowments Topic of the FASB Accounting Standards Codification. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA has not yet been enacted in Florida. The net asset classification provisions of the standard will be adopted by WBT upon enactment of UPMIFA into law in Florida. The effect of the adoption of this component of this standard on WBT's combined financial position or results of operations has not yet been determined.

WBT's endowment consists of thirteen individual donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE L – ENDOWMENT FUNDS, continued

WBT has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WBT classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UMIFA. In accordance with UMIFA, WBT considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Changes in endowment net assets for the year ended September 30, 2009 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2008	\$ -	\$ 234	\$ 1,625	\$ 1,859
Investment return:				
Interest and dividend income	-	66	-	66
Realized and unrealized losses	-	(22)	-	(22)
Investment fees	-	(4)	-	(4)
Total investment return	-	40	-	40
Contributions	-	-	10	10
Appropriation of endowment assets for expenditure	-	(46)	-	(46)
Endowment net assets, September 30, 2009	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 1,635</u>	<u>\$ 1,863</u>

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2009

NOTE L – ENDOWMENT FUNDS, continued

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) as of September 30, 2009 (in thousands):

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UMIFA	<u>\$ 1,635</u>
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Temporarily restricted net assets:

Term endowment funds	\$ 130
The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UMIFA.	<u>98</u>
	<u>\$ 228</u>

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires WBT to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2009.

Return objectives and risk parameters: WBT has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that focuses on long-term capital appreciation while achieving relatively predictable and modest current income requirements.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, WBT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WBT targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: WBT has a policy of appropriating for distribution each year the earnings stipulated in each individual endowment agreement. In establishing this policy, WBT considered the long-term expected return on its endowment. Accordingly, over the long term, WBT expects the current spending policy to allow its endowment to grow. This is consistent with WBT's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE M – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
September 30, 2009
(in thousands of dollars)

ASSETS	Wycliffe Bible Translators	Wycliffe Foundation	The Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
Cash	\$ 294	\$ 150	\$ 652	\$ 23	\$ -	\$ 1,119
Investments	75,826	321	16,800	114	18,001	111,062
Bequests receivable	195	-	-	-	-	195
Notes receivable	2,352	-	-	-	-	2,352
Amounts due from affiliated entities	628	-	41	-	-	669
Other assets	634	8	118	-	-	760
Investments related to trust agreements	-	-	-	-	6,452	6,452
Property and equipment, net of accumulated depreciation	43,190	80	60	-	-	43,330
Beneficial interest in agreements managed by WF	14,170	-	108	-	(14,278)	-
Amounts held for others	-	26,950	-	-	(26,950)	-
Assets held for endowment	-	-	-	-	1,863	1,863
TOTAL ASSETS	\$ 137,289	\$ 27,509	\$ 17,779	\$ 137	\$ (14,912)	\$ 167,802
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses	\$ 262	\$ -	\$ 310	\$ -	\$ -	\$ 572
Medical claims payable	1,300	-	-	-	-	1,300
Amounts due to affiliated entities	684	-	138	-	-	822
Accrued compensation	7,029	82	-	-	-	7,111
Notes payable	337	-	-	-	-	337
Funds held for others	-	26,950	-	-	(26,950)	-
Fiduciary agreements	-	-	-	-	12,672	12,672
TOTAL LIABILITIES	9,612	27,032	448	-	(14,278)	22,814
NET ASSETS						
Unrestricted:						
Equity in property and equipment	43,190	80	60	-	-	43,330
Board designated	11,045	-	-	-	108	11,153
Wycliffe Mobilization Center	(3,174)	-	-	-	-	(3,174)
Undesignated	20,740	397	5,939	137	(634)	26,579
Total unrestricted	71,801	477	5,999	137	(526)	77,888
Temporarily restricted	54,241	-	11,332	-	(108)	65,465
Permanently restricted	1,635	-	-	-	-	1,635
TOTAL NET ASSETS	127,677	477	17,331	137	(634)	144,988
TOTAL LIABILITIES AND NET ASSETS	\$ 137,289	\$ 27,509	\$ 17,779	\$ 137	\$ (14,912)	\$ 167,802

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009
(in thousands of dollars)

	Wycliffe Bible Translators	Wycliffe Foundation	The Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 183,161	\$ 6,573	\$ 16,715	\$ -	\$ (5,915)	\$ 200,534
Service income	2,479	4	-	-	(123)	2,360
Interest and dividend income	2,772	5	566	1	-	3,344
Net gain (loss) on sale of property and equipment and property held for sale	1,827	(1)	(64)	-	-	1,762
Other	987	-	76	-	(23)	1,040
Total operating support and revenue	191,226	6,581	17,293	1	(6,061)	209,040
OPERATING EXPENSES						
Program services:						
Bible translation and related programs	132,111	4,149	6,737	-	(5,730)	137,267
Supporting services:						
General and administrative	11,885	502	1,496	435	(395)	13,923
Fund raising	8,380	1,903	2,363	-	(124)	12,522
Total supporting services	20,265	2,405	3,859	435	(519)	26,445
Total operating expenses	152,376	6,554	10,596	435	(6,249)	163,712
Excess of operating support and revenue over operating expenses	38,850	27	6,697	(434)	188	45,328
NON-OPERATING						
Net realized/unrealized gain on investments	143	18	-	-	-	161
Change in value of fiduciary agreements	(395)	-	-	-	32	(363)
Total non-operating	(252)	18	-	-	32	(202)
CHANGE IN NET ASSETS	38,598	45	6,697	(434)	220	45,126
Net assets at beginning of year	89,079	432	10,634	571	(854)	99,862
NET ASSETS AT END OF YEAR	\$ 127,677	\$ 477	\$ 17,331	\$ 137	\$ (634)	\$ 144,988