

Audited Combined Financial Statements

WYCLIFFE BIBLE TRANSLATORS, INC.

September 30, 2010

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, 2010, 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 2009 combined financial statements and, in our report dated February 5, 2010, 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, 2010, 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 19 and 20 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.



Wheaton, Illinois
February 4, 2011

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

September 30, 2010

With Comparative Totals for the Year Ended September 30, 2009

(in thousands of dollars)

ASSETS	2010	2009
Cash	\$ 1,021	\$ 1,119
Investments - <i>Note B</i>	87,093	97,919
Contributions receivable, net - <i>Note A</i>	651	-
Bequests receivable	495	195
Notes receivable - <i>Note C</i>	2,145	2,352
Amounts due from related entities - <i>Note E</i>	779	669
Other assets	916	760
Investments related to fiduciary agreements - <i>Note B</i>	19,133	19,595
Property and equipment, net of accumulated depreciation - <i>Note D</i>	42,054	43,330
Assets held for endowment - <i>Note B</i>	2,000	1,863
TOTAL ASSETS	\$ 156,287	\$ 167,802
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,078	\$ 572
Medical claims payable - <i>Note G</i>	1,300	1,300
Amounts due to related entities - <i>Note E</i>	745	822
Accrued compensation	7,555	7,111
Notes payable	337	337
Fiduciary agreements - <i>Note A</i>	12,560	12,672
TOTAL LIABILITIES	23,575	22,814
NET ASSETS		
Unrestricted:		
Equity in property and equipment	42,054	43,330
Board designated	14,618	11,153
Wycliffe Mobilization Center	(1,988)	(3,174)
Undesignated	23,502	26,579
Total unrestricted	78,186	77,888
Temporarily restricted - <i>Note F</i>	52,796	65,465
Permanently restricted - <i>Note F</i>	1,730	1,635
TOTAL NET ASSETS	132,712	144,988
TOTAL LIABILITIES AND NET ASSETS	\$ 156,287	\$ 167,802

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010
With Comparative Totals for the Year Ended September 30, 2009
(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
OPERATING SUPPORT AND REVENUE					
Contributions	\$ 26,673	\$ 127,832	\$ 95	\$ 154,600	\$ 200,534
Service income	2,859	-	-	2,859	2,360
Interest and dividend income	2,784	69	-	2,853	3,344
Net gain (loss) on sale of property and equipment and property held for sale	(70)	-	-	(70)	1,762
Other	649	-	-	649	1,040
Net assets released from restrictions:					
Satisfaction of program restrictions	139,719	(139,719)	-	-	-
Expiration of time restrictions	721	(721)	-	-	-
Total operating support and revenue	173,335	(12,539)	95	160,891	209,040
OPERATING EXPENSES					
Program services:					
Bible translation and related programs - <i>Note E</i>	142,031	-	-	142,031	137,267
Supporting activities:					
General and administrative	16,436	-	-	16,436	13,923
Fund raising	14,900	-	-	14,900	12,522
Total supporting services	31,336	-	-	31,336	26,445
Total operating expenses	173,367	-	-	173,367	163,712
Excess of operating support and revenue over operating expenses	(32)	(12,539)	95	(12,476)	45,328
NON-OPERATING					
Net realized/unrealized gain (loss) on investments	145	(155)	-	(10)	161
Change in value of fiduciary agreements	185	25	-	210	(363)
Total non-operating	330	(130)	-	200	(202)
CHANGE IN NET ASSETS	298	(12,669)	95	(12,276)	45,126
Net assets at beginning of year	77,888	65,465	1,635	144,988	99,862
NET ASSETS AT END OF YEAR	\$ 78,186	\$ 52,796	\$ 1,730	\$ 132,712	\$ 144,988

See notes to combined financial statements.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2010
With Comparative Totals for the Year Ended September 30, 2009
(in thousands of dollars)

	2010	2009
OPERATING ACTIVITIES		
Change in net assets	\$ (12,276)	\$ 45,126
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,533	2,576
(Gain) loss on disposal of property and equipment and property held for sale	70	(1,762)
Gifts-in-kind	(2,274)	(2,186)
Net realized/unrealized (gain) loss on sale of investments	10	(161)
Change in value of trust agreements	(25)	105
Actuarial change in annuities, net of payments	540	657
Contributions restricted for endowment	(95)	(10)
Changes in assets and liabilities:		
Contributions receivable	(651)	-
Bequests receivable	(300)	265
Amounts due from related entities	(110)	215
Other assets	(156)	216
Accounts payable, accrued expenses and medical claims payable	506	(212)
Amounts due to related entities	(77)	(27)
Accrued compensation	444	(479)
Amounts due other remaindermen	137	133
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(11,724)	44,456
INVESTING ACTIVITIES		
Purchase of investments	(53,592)	(63,706)
Proceeds from sale of investments and gift-in-kind stock	66,335	19,739
Proceeds from issuance of new notes receivable	-	(1,210)
Payments received on notes receivable	207	81
Purchase of property and equipment	(751)	(278)
Proceeds from sale of property and equipment and property held for sale	96	2,448
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	12,295	(42,926)
FINANCING ACTIVITIES		
Proceeds from new fiduciary agreements	438	619
Investment income from trust agreements	332	(114)
Payments on fiduciary agreements	(1,534)	(1,596)
Contributions restricted for endowment	95	10
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(669)	(1,081)
NET CHANGE IN CASH	(98)	449
Cash at beginning of year	1,119	670
CASH AT END OF YEAR	\$ 1,021	\$ 1,119
SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITY:		
Transfer of assets from property and equipment to property held for sale	\$ -	\$ 3,036

See notes to combined financial statements.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Wycliffe Bible Translators, Inc. (Wycliffe USA) 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. Wycliffe USA 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. Wycliffe USA is a member of Wycliffe International, an association of forty-five organizations, which carry out similar work throughout the world.

Support for Wycliffe USA's ministry comes primarily from donor contributions. Wycliffe USA 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 Wycliffe USA 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 combined financial statement purposes.

TSC, a California non-profit corporation, works with local translators and international partner organizations as well as financial and prayer partners in a concentrated effort to make God's Word readily available for faster church planting, effective discipleship and greater community transformation. These partnerships ensure the Scriptures are translated accurately and provided in the most accessible forms for maximum impact in the local communities.

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, 2010

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.
- ❖ 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 Wycliffe USA 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 Wycliffe USA 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 Wycliffe USA combined financial statements for the year ended September 30, 2009, from which the summarized information was derived. Certain amounts in the 2009 combined financial statements have been reclassified to conform to the 2010 presentation.

Cash: Cash includes checking, savings and money market accounts deposited with FDIC-insured financial institutions. Certain accounts that meet the definition of cash but are part of a larger pool of investments are included in investments. From time to time, Wycliffe USA has cash deposits in excess of federally insured limits; however, Wycliffe USA has not experienced any losses on these accounts and does not believe that it is exposed to any significant credit risk. Wycliffe USA performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

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

Investments and Investments Related to Fiduciary 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.

Contributions Receivable: Unconditional promises to give are recognized as income and contributions receivable in the period received. Conditional promises to give are recognized as income when the conditions on which they depend are substantially met. There is no allowance or discount applied to the contributions receivable in anticipation of these amounts being received in less than 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, \$5,000 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.

Fiduciary Agreements: Fiduciary agreements represent the long-term liability of Wycliffe USA for annuity contracts, revocable charitable trusts and charitable remainder trusts. Fiduciary agreement assets are recognized on the basis of their fair market value and reported as investments related to fiduciary agreements (Note B). The total liabilities under fiduciary agreements for the year ended September 30, 2010, were as follows (in thousands):

Annuity contracts	\$ 7,172
Revocable charitable trusts	1,203
Charitable remainder trusts	2,484
Amount due to other remaindermen	1,701
	<u><u>\$ 12,560</u></u>

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

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

Fiduciary Agreements, continued: Wycliffe USA has a gift annuity program whereby donors may contribute assets to Wycliffe USA 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 \$675,000 in 2010 is included in unrestricted change in value of fiduciary agreements on the combined statement of activities. Certain states require that Wycliffe USA maintain reserve funds adequate to meet the future payments under its outstanding annuity contracts. Wycliffe USA has separately invested funds sufficient to meet state requirements.

As trustee, Wycliffe USA administers revocable trusts that provide a beneficial interest to Wycliffe USA 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 Wycliffe USA 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 USA 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 Wycliffe USA. The present value of the remainder interest of Wycliffe USA 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. Investments related to trust agreements totaled approximately \$6,419,000 as of September 30, 2010.

Net Asset Categories: The net assets of Wycliffe USA 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 Wycliffe USA, 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 Wycliffe USA pursuant to those stipulations.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

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

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 Wycliffe USA. Conditional promises received are not included as revenue until the conditions are substantially met. Bequests are recorded as income at the time Wycliffe USA 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 Wycliffe USA. Approximately \$439,000 in donated services was recognized as revenue and included in construction and construction in progress in 2010. In addition, approximately \$144,000 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. Wycliffe USA incurred joint costs of approximately \$16,415,000 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.

Recently Issued Accounting Standards: On October 1, 2009, Wycliffe USA adopted the new provisions of the Income Tax Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the combined statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the combined statement of activities. As of September 30, 2010, Wycliffe USA had no uncertain tax positions that qualify for recognition or disclosure in the combined financial statements.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE B – INVESTMENTS

Wycliffe USA's investments at September 30, 2010, were as follows (in thousands):

Investments at fair value:	
Cash and cash equivalents	\$ 7,876
Accrued interest	143
Stocks	498
Mutual funds	5,892
Bonds	8,175
U.S. Government securities	14,248
	<u>36,832</u>
Investments at lower of cost or estimated market value:	
Pooled funds	47,792
Investment in limited partnership *	-
Land and buildings	4,469
	<u>89,093</u>
Less: assets held for endowment	(2,000)
	<u><u>\$ 87,093</u></u>
Investments related to fiduciary agreements:	
Cash and cash equivalents	\$ 927
Accrued interest	40
Mutual funds	10,976
Bonds	2,803
U.S. Government securities	1,635
Pooled funds	2,752
	<u><u>\$ 19,133</u></u>

Investments in pooled funds represent Wycliffe USA'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 3.75% as of September 30, 2010 (interest recorded in the combined statement of activities was approximately \$1,618,000). Credit risk is the failure of another party to perform in accordance with the contract terms. Wycliffe USA is exposed to credit risk for the amount invested in the pool.

* As of September 30, 2010, the limited partnership that MPH invested in had a negative overall equity position. Due to MPH's status as a limited partner, the investment in limited partnership was written down to zero to properly reflect the estimated market value of its limited partnership interest.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE C – NOTES RECEIVABLE

Notes receivable as of September 30, 2010, 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. \$ 1,095

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. 1,050
\$ 2,145

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2010, consisted of the following (in thousands):

Land and land improvements	\$ 4,618
Buildings	46,420
Equipment	5,403
Furniture and fixtures	<u>4,412</u>
	60,853
Less accumulated depreciation	<u>(18,965)</u>
	41,888
Construction in progress	<u>166</u>
	<u><u>\$ 42,054</u></u>

Operating leases – TSC has three leases, which require monthly payments totaling approximately \$20,000. Wycliffe USA has three leases, which require monthly payments totaling approximately \$3,000. Rental expense for leased facilities for TSC and Wycliffe USA was approximately \$325,000 for the year ended September 30, 2010. Minimum future rentals as of September 30, 2010, are (in thousands):

2011	\$ 218
2012	186
2013	240
2014	225
2015	253
2016	<u>21</u>
	<u><u>\$ 1,143</u></u>

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE E – TRANSACTION WITH RELATED ENTITIES

As of September 30, 2010, Wycliffe USA had amounts due to and from related entities as follows (in thousands):

	Due from	Due to
Members	\$ 515	\$ 609
SIL and its affiliates	137	136
Other U.S. affiliates	127	-
	<u>\$ 779</u>	<u>\$ 745</u>

During the year ended September 30, 2010, Wycliffe USA 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	\$ 4,230	\$ 113,643
Other U.S. affiliates	2,326	5,492
	<u>\$ 6,556</u>	<u>\$ 119,135</u>

Of the total amounts received from and provided to affiliates, approximately \$3,656,000 and \$77,452,000, respectively, are non-cash contributions related to members assigned to affiliated entities.

Wycliffe USA and WA entered into a 99 year lease with a 90-day rescindment clause. Under this lease, WA rents office space from Wycliffe USA at a cost of \$1 per square foot. As a result of this agreement, Wycliffe USA has recorded the fair rental value of approximately \$482,000 in non-cash rental income and program services for donated rent contributed to WA.

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE F – NET ASSETS

Temporarily restricted net assets as of September 30, 2010, consisted of the following (in thousands):

TSC:

Purpose restricted:

Training Center	\$ 241
Language projects and translations	12,435
	12,676

Wycliffe USA:

Purpose restricted:

Projects	32,011
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Time restricted:

Irrevocable trusts	1,828
Other donor agreements	5,786
Bequests receivable	495
	40,120
	\$ 52,796

Permanently restricted net assets as of September 30, 2010, 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	583
Member support funds	67
	\$ 1,730

NOTE G – HEALTH INSURANCE

Wycliffe USA provides health insurance to its members limited to an annual maximum of \$750,000 per covered individual. Wycliffe USA'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
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NOTE H – EMPLOYEE RETIREMENT PLAN

Wycliffe USA 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 Wycliffe USA matches those contributions dollar for dollar up to 2.5% of compensation. For the year ended September 30, 2010, contributions by Wycliffe USA were approximately \$92,000.

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, 2010, TSC contributed approximately \$71,000 to this plan.

NOTE I – DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT

The following disclosure of estimated fair value of financial instruments is made in accordance with the Financial Instruments Topic of the FASB ASC. The estimated fair value amounts have been determined by Wycliffe USA using available market information and appropriate valuation methodologies.

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

	Carrying Amount	Fair Value
Assets:		
Cash	\$ 1,021	\$ 1,021
Investments	87,093	87,093
Notes receivable	2,145	2,145
Investments related to fiduciary agreements	19,133	19,133
Assets held for endowment	2,000	2,000
Liabilities:		
Accounts payable and accrued expenses	\$ 1,078	\$ 1,078
Notes payable	337	337
Fiduciary agreements	12,560	12,560

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE I – 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 remaindermen, respectively, using published mortality rate tables adopted by the IRS at an assumed rate of return of 5.6 - 6%.

Wycliffe USA uses appropriate valuation techniques to determine fair value based on inputs available. When available, Wycliffe USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

Fair values of assets measured on a recurring basis at September 30, 2010 are as follows:

	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	\$ 8,138	\$ 8,138	\$ -	\$ -
Mutual funds	16,868	16,868	-	-
Stocks	498	418	-	80
U.S. govt agency bonds	15,883	15,883	-	-
Corporate bonds	10,978	-	10,978	-

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

	Corporate Stocks
Beginning balance	\$ 285
Total unrealized losses included in changes in net assets	(205)
Ending balance	<u>\$ 80</u>

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE J – PROJECT FUNDING COMMITMENTS

In the normal course of business, TSC makes commitments to sponsor Bible translation projects carried on by related and foreign organizations in those countries. The sponsorships are conditional on approval of the organization's project proposal, receiving periodic progress and financial reports, and satisfactory progress toward project goals as outlined in the sponsorship agreements. The sponsorship commitments represent expected disbursements based on approved project budgets, and may vary based on currency exchange rates, staffing changes, inflationary factors and/or significant changes in the project as reported per the project agreements. At September 30, 2010, TSC had approximately \$784,000 remaining to be disbursed under these sponsorship agreements.

NOTE K – ENDOWMENT FUNDS

Effective October 1, 2008, Wycliffe USA 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 Wycliffe USA upon enactment of UPMIFA into law in Florida. The effect of the adoption of this component of this standard on Wycliffe USA's combined financial position or results of operations has not yet been determined.

Wycliffe USA'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.

Wycliffe USA 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, Wycliffe USA 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, Wycliffe USA 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

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE K – ENDOWMENT FUNDS, continued

Changes in endowment net assets for the year ended September 30, 2010 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2009	\$ -	\$ 228	\$ 1,635	\$ 1,863
Investment return:				
Interest and dividend income	-	53	-	53
Realized and unrealized gains	-	40	-	40
Investment fees	-	(5)	-	(5)
Total investment return	-	88	-	88
Contributions	-	-	95	95
Appropriation of endowment assets for expenditure	-	(46)	-	(46)
Endowment net assets, September 30, 2010	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ 1,730</u>	<u>\$ 2,000</u>

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) as of September 30, 2010 (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

\$ 1,730

Temporarily restricted net assets:

Term endowment funds

\$ 134

The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UMIFA.

136
\$ 270

THE WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 2010

NOTE K – ENDOWMENT FUNDS, continued

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 Wycliffe USA to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2010.

Return objectives and risk parameters: Wycliffe USA 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, Wycliffe USA 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). Wycliffe USA 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: Wycliffe USA has a policy of appropriating for distribution each year the earnings stipulated in each individual endowment agreement. In establishing this policy, Wycliffe USA considered the long-term expected return on its endowment. Accordingly, over the long term, Wycliffe USA expects the current spending policy to allow its endowment to grow. This is consistent with Wycliffe USA'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 L – 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, 2010
(in thousands of dollars)

ASSETS	Wycliffe Bible Translators	Wycliffe Foundation	The Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
Cash	\$ 561	\$ 152	\$ 293	\$ 15	\$ -	\$ 1,021
Investments	60,005	304	21,282	6	5,496	87,093
Contributions receivable, net	250	-	401	-	-	651
Bequests receivable	495	-	-	-	-	495
Notes receivable	2,145	-	-	-	-	2,145
Amounts due from affiliated entities	790	-	85	-	(96)	779
Other assets	648	9	259	-	-	916
Investments related to trust agreements	-	-	-	-	19,133	19,133
Property and equipment, net of accumulated depreciation	41,923	17	114	-	-	42,054
Beneficial interest in agreements managed by WF	13,979	-	111	-	(14,090)	-
Amounts held for others	-	26,650	-	-	(26,650)	-
Assets held for endowment	-	-	-	-	2,000	2,000
TOTAL ASSETS	\$ 120,796	\$ 27,132	\$ 22,545	\$ 21	\$ (14,207)	\$ 156,287
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses	\$ 555	\$ 2	\$ 521	\$ -	\$ -	\$ 1,078
Medical claims payable	1,300	-	-	-	-	1,300
Amounts due to affiliated entities	635	77	129	-	(96)	745
Accrued compensation	7,555	-	-	-	-	7,555
Notes payable	337	-	-	-	-	337
Funds held for others	-	26,650	-	-	(26,650)	-
Fiduciary agreements	-	-	-	-	12,560	12,560
TOTAL LIABILITIES	10,382	26,729	650	-	(14,186)	23,575
NET ASSETS						
Unrestricted:						
Equity in property and equipment	41,923	17	114	-	-	42,054
Board designated	10,507	-	4,000	-	111	14,618
Wycliffe Mobilization Center	(1,988)	-	-	-	-	(1,988)
Undesignated	18,122	386	4,994	21	(21)	23,502
Total unrestricted	68,564	403	9,108	21	90	78,186
Temporarily restricted	40,120	-	12,787	-	(111)	52,796
Permanently restricted	1,730	-	-	-	-	1,730
TOTAL NET ASSETS	110,414	403	21,895	21	(21)	132,712
TOTAL LIABILITIES AND NET ASSETS	\$ 120,796	\$ 27,132	\$ 22,545	\$ 21	\$ (14,207)	\$ 156,287

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010
(in thousands of dollars)

	Wycliffe Bible Translators	Wycliffe Foundation	The Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 136,460	\$ 6,780	\$ 18,397	\$ -	\$ (7,037)	\$ 154,600
Service income	2,949	5	-	-	(95)	2,859
Interest and dividend income	2,144	6	703	-	-	2,853
Net loss on sale of property and equipment and property held for sale	(35)	(35)	-	-	-	(70)
Other	631	-	41	-	(23)	649
Total operating support and revenue	142,149	6,756	19,141	116	(7,155)	160,891
OPERATING EXPENSES						
Program services:						
Bible translation and related programs	133,889	5,284	9,630	-	(6,772)	142,031
Supporting services:						
General and administrative	14,779	314	1,465	116	(238)	16,436
Fund raising	10,357	1,206	3,482	-	(145)	14,900
Total supporting services	25,136	1,520	4,947	116	(383)	31,336
Total operating expenses	159,025	6,804	14,577	116	(7,155)	173,367
Excess of operating support and revenue over operating expenses	(16,876)	(48)	4,564	(116)	-	(12,476)
NON-OPERATING						
Net realized/unrealized loss on investments	(597)	(26)	-	-	613	(10)
Change in value of fiduciary agreements	210	-	-	-	-	210
Total non-operating	(387)	(26)	-	-	613	200
CHANGE IN NET ASSETS	(17,263)	(74)	4,564	(116)	613	(12,276)
Net assets at beginning of year	127,677	477	17,331	137	(634)	144,988
NET ASSETS AT END OF YEAR	\$ 110,414	\$ 403	\$ 21,895	\$ 21	\$ (21)	\$ 132,712