



WYCLIFFE BIBLE TRANSLATORS, INC.
AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2017 and 2016

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wycliffe Bible Translators, Inc. and Affiliates
Orlando, Florida

We have audited the accompanying consolidated financial statements of Wycliffe Bible Translators, Inc. and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wycliffe Bible Translators, Inc. and Affiliates as of September 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Columbia, South Carolina
April 20, 2018

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statements of Financial Position

(in thousands of dollars)

	September 30,	
	2017	2016
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 12,385	\$ 8,324
Contributions receivable–net	625	1,810
Amounts due from related entities (Note 9)	517	810
Other assets	3,529	2,862
Bequests receivable	258	259
Notes receivable (Note 5)	648	986
Investments (Note 3)	68,313	65,291
Investments related to fiduciary agreements (Note 4)	23,504	21,645
Property and equipment–net of accumulated depreciation (Note 6)	39,058	38,642
Total Assets	\$ 148,837	\$ 140,629
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,541	\$ 1,343
Medical claims payable (Note 11)	2,430	2,381
Amounts due to related entities (Note 9)	460	784
Accrued compensation	8,043	7,795
Deferred lease incentive (Note 8)	545	575
Fiduciary agreements (Note 2)	11,444	11,822
	24,463	24,700
Net assets:		
Unrestricted:		
Undesignated	17,663	16,193
Equity in property and equipment–net	38,513	38,067
Board designated	6,983	6,667
Corporate reserves	18,939	18,125
Designated–donor-advised funds	1,856	1,707
	83,954	80,759
Temporarily restricted (Note 10)	36,969	33,087
Permanently restricted (Note 10)	3,451	2,083
	124,374	115,929
Total Liabilities and Net Assets	\$ 148,837	\$ 140,629

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE:				
Contributions	\$ 28,090	\$ 159,341	\$ 1,368	\$ 188,799
Service income	2,788	6	-	2,794
Interest and dividend income	1,061	223	-	1,284
Other	97	(1)	-	96
Net loss on sale of property and equipment	(49)	-	-	(49)
Net assets released from restrictions:				
Field support adjustments	6,071	(6,071)	-	-
Administrative assessments (10-19% administration and fund-raising)	25,677	(25,677)	-	-
Satisfaction of program restrictions	122,587	(122,587)	-	-
Expiration of time restrictions	1,878	(1,878)	-	-
Total operating support and revenue	<u>188,200</u>	<u>3,356</u>	<u>1,368</u>	<u>192,924</u>
OPERATING EXPENSES:				
Program services:				
Bible translation and related programs	144,870	-	-	144,870
Supporting services:				
General and administrative	25,657	-	-	25,657
Fund-raising	17,119	-	-	17,119
Total supporting services	<u>42,776</u>	<u>-</u>	<u>-</u>	<u>42,776</u>
Total operating expenses	<u>187,646</u>	<u>-</u>	<u>-</u>	<u>187,646</u>
Change in net assets from operating activities	<u>554</u>	<u>3,356</u>	<u>1,368</u>	<u>5,278</u>
NONOPERATING ACTIVITIES:				
Net realized/unrealized gain on investments	2,251	407	-	2,658
Change in value of fiduciary agreements (Note 4)	390	119	-	509
Change in net assets from nonoperating activities	<u>2,641</u>	<u>526</u>	<u>-</u>	<u>3,167</u>
Change in Net Assets	3,195	3,882	1,368	8,445
Net Assets, Beginning of Year	<u>80,759</u>	<u>33,087</u>	<u>2,083</u>	<u>115,929</u>
Net Assets, End of Year	<u>\$ 83,954</u>	<u>\$ 36,969</u>	<u>\$ 3,451</u>	<u>\$ 124,374</u>

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE:				
Contributions	\$ 30,953	\$ 155,124	\$ 7	\$ 186,084
Service income	2,844	12	-	2,856
Interest and dividend income	987	283	-	1,270
Other	99	-	-	99
Net gain on sale of property and equipment	1	-	-	1
Net assets released from restrictions:				
Field support adjustments	5,549	(5,549)	-	-
Administrative assessments (10-19% administration and fund raising)	25,734	(25,734)	-	-
Satisfaction of program restrictions	125,565	(125,565)	-	-
Expiration of time restrictions	934	(934)	-	-
Total operating support and revenue	<u>192,666</u>	<u>(2,363)</u>	<u>7</u>	<u>190,310</u>
OPERATING EXPENSES:				
Program services:				
Bible translation and related programs	146,174	-	-	146,174
Supporting services:				
General and administrative	25,306	-	-	25,306
Fund-raising	15,949	-	-	15,949
Total supporting services	<u>41,255</u>	<u>-</u>	<u>-</u>	<u>41,255</u>
Total operating expenses	<u>187,429</u>	<u>-</u>	<u>-</u>	<u>187,429</u>
Change in net assets from operating activities	<u>5,237</u>	<u>(2,363)</u>	<u>7</u>	<u>2,881</u>
NONOPERATING ACTIVITIES:				
Net realized/unrealized gain on investments	1,816	189	-	2,005
Change in value of fiduciary agreements (Note 4)	282	37	-	319
Change in net assets from nonoperating activities	<u>2,098</u>	<u>226</u>	<u>-</u>	<u>2,324</u>
Change in Net Assets	7,335	(2,137)	7	5,205
Net Assets, Beginning of Year	<u>73,424</u>	<u>35,224</u>	<u>2,076</u>	<u>110,724</u>
Net Assets, End of Year	<u>\$ 80,759</u>	<u>\$ 33,087</u>	<u>\$ 2,083</u>	<u>\$ 115,929</u>

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,445	\$ 5,205
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,729	2,666
Net loss (gain) on disposal of property and equipment	49	(1)
Net realized/unrealized gain on sale of investments	(2,658)	(2,005)
Change in value of trust agreements	(119)	(37)
Actuarial change in annuities	436	581
Contributions restricted for endowment	(1,368)	(7)
Changes in assets and liabilities:		
Contributions receivable	1,185	(1,370)
Bequests receivable	1	985
Amounts due from related entities	293	148
Other assets	(667)	(479)
Accounts payable, accrued expenses, and medical claims payable	207	586
Amounts due to related entities	(324)	(183)
Accrued compensation	248	125
Deferred lease incentive	(30)	(30)
Amounts due other remaindermen	65	200
Net Cash Provided by Operating Activities	8,492	6,384
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(5,239)	(10,632)
Proceeds from sale of investments	3,016	8,877
Change in construction payable	-	(964)
Issuance of new note receivable	-	(360)
Payments received on notes receivable	338	184
Purchase of property and equipment	(3,166)	(1,806)
Proceeds from sale of property and equipment	12	1
Net Cash Used by Investing Activities	(5,039)	(4,700)

(continued)

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

(in thousands of dollars)

(continued)

	Year Ended September 30,	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new fiduciary agreements	193	387
Investment income from trust agreements	364	285
Payments on fiduciary agreements	(1,317)	(1,402)
Payments on line of credit	-	(1,904)
Proceeds from line of credit	-	826
Contributions restricted for endowment	1,368	7
Net Cash Provided (Used) by Financing Activities	608	(1,801)
Net Change in Cash and Cash Equivalents	4,061	(117)
Cash and Cash Equivalents, Beginning of Year	8,324	8,441
Cash and Cash Equivalents, End of Year	\$ 12,385	\$ 8,324
SUPPLEMENTAL DISCLOSURE:		
Interest paid on line of credit	\$ -	\$ 44
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchases of property and equipment through accounts payable	\$ 40	\$ -

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators, Inc. (Wycliffe USA), a California nonprofit corporation headquartered in Orlando, FL, is an interdenominational 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 Global Alliance, an association of more than 80 Alliance 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 (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. Contributions to Wycliffe USA are tax-deductible within the limitations prescribed in the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

Wycliffe USA maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

PRINCIPLES OF CONSOLIDATION

This report presents the consolidated financial position, changes in net assets and cash flows of Wycliffe USA and its controlled affiliates, collectively referred to as Wycliffe USA and affiliates. The controlled affiliates include the Seed Company (SC), Moss Park Holdings (MPH) and the Wycliffe Bible Translation Foundation (Wycliffe Foundation). Significant transactions and balances between the organizations have been eliminated for consolidated financial statement purposes.

SC is a California nonprofit corporation headquartered in Arlington, TX. SC 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 whose purpose is to invest in real estate holdings.

Wycliffe Foundation is a California nonprofit 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.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PRINCIPLES OF CONSOLIDATION, continued

Related entities, not included in these consolidated financial statements due to the lack of control and economic interest in accordance with accounting principles generally accepted in the United States of America, are listed below:

- 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. (JAARS) provides technical, logistic, and personnel support for field operations. JAARS is consolidated with SIL for financial reporting purposes.
- RIA Charitable Investments Inc. (RIACII) exists to provide a pooled investment opportunity for certain WGA Alliance Organizations.
- Wycliffe Global Alliance (WGA) promotes the efforts of the WGA Alliance Organizations (more than 80 Alliance Organizations) as they engage the worldwide Church in providing resources for Bible translation and related ministry around the globe.
- Graduate Institute of Applied Linguistics (GIAL) 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 3,200 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.

ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash includes checking, savings, money market accounts deposited with FDIC-insured financial institutions, and a cash deposit with a related entity. 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 and affiliates have cash deposits in excess of federally insured limits; however, Wycliffe USA and affiliates have not experienced any losses on these accounts and do not believe that they are exposed to any significant credit risk. Wycliffe USA and affiliates perform ongoing evaluations of the financial institutions to limit their concentration of credit risk exposure. As of September 30, 2017 and 2016, Wycliffe USA and affiliates had approximately \$4,683,000 and \$4,632,000, respectively, deposited with a related entity functioning as a money market account.

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 value on the consolidated statements of financial position. Land and building are recorded at the lower of cost or estimated market value.

RIA Charitable Investments, Inc. (RIACII) operates as an investment pool available to certain WGA Alliance Organizations. RIACII carries two investment pools. Funds deposited in the RIACII short-term investment pool are invested in a variety of fixed income securities, including U.S. Treasury issues, corporate bonds, and mortgage-backed bonds, which borrow and pay in U.S. dollars. The short term portfolio functions similarly to a money market fund and pays interest at a stated rate, as determined from time to time by the board of directors, (2.00% as of September 30, 2017 and 2016,) to participants in proportion to the amount they have on deposit in the pool. Interest income recorded in the consolidated statements of activities for 2017 and 2016 was approximately \$875,000 and \$916,000, respectively. The short-term portfolio is carried at cost, which is determined based on the value of actual deposits made plus accrued interest. The RIACII long term investment pool invests in equity securities, mutual funds, and exchange-traded funds. The long term portfolio does not pay out interest, but allocates all net income or loss to the participants' deposits in the pool. As of September 30, 2017 and 2016, RIACII reported total assets with a fair value of approximately \$91,867,000 and \$89,243,000, respectively, of which Wycliffe USA and affiliates hold approximately \$54,636,000 (59%) and \$53,002,000 (59%).

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Evaluations are made by management to estimate uncollectible accounts; no amounts were considered uncollectible for the years ended September 30, 2017 and 2016, respectively. All amounts recorded as contributions receivable as of September 30, 2017, were received subsequent to year-end.

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 the minimum threshold amount 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
Software	2 to 5 years
Furniture and fixtures	7 to 10 years

DEFERRED MATCHING CONTRIBUTION REVENUE

Deferred revenue consists of funds received by SC with donor stipulations that matching contributions be raised in order to retain the gift. Contribution revenue is recognized as matching funds are raised. During 2017 and 2016, SC received approximately \$1,300,000 and \$1,600,000, respectively, in matching funds for certain translation projects that must be raised within a three year period. For the years ended September 30, 2017 and 2016, approximately \$1,300,000 and \$1,600,000 in matching gifts had been raised, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FIDUCIARY AGREEMENTS

Fiduciary agreements, administered by Wycliffe Foundation, represent the long-term liability of Wycliffe USA for charitable gift 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.

Wycliffe USA has a charitable gift annuity program, and is the certificate holder, 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 \$436,000 and \$581,000 in 2017 and 2016, respectively, is included in unrestricted change in value of fiduciary agreements on the consolidated statements 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. Investments related to annuity agreements totaled approximately \$13,302,000 and \$13,020,000 as of September 30, 2017 and 2016, respectively.

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 the current IRS Section 7520 interest rate 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 \$6,077,000 and \$6,024,000 as of September 30, 2017 and 2016, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FIDUCIARY AGREEMENTS, continued

The total liabilities under fiduciary agreements were as follows (in thousands):

	September 30,	
	2017	2016
Charitable gift annuity contracts	\$ 5,898	\$ 6,244
Revocable charitable trusts	1,122	1,184
Charitable remainder trusts	2,100	2,135
Amount due to other remaindermen	2,324	2,259
	<u>\$ 11,444</u>	<u>\$ 11,822</u>

NET ASSETS

The net assets of Wycliffe USA and affiliates 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 and affiliates, amounts designated by the board for specific use, the undistributed amount of donor contributions to donor-advised funds and those resources invested in property and equipment.

Unrestricted corporate reserves include Wycliffe USA funds for active and retired missionary assistance programs; self-funded health, vision, life, emergency medical evacuation and worker compensation insurance plans; asset lifecycle replacement reserves, and 90-day operating reserve.

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.

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 and affiliates. Conditional promises received are not included as revenue until the conditions are substantially met. Bequests are recorded as income at the time Wycliffe USA and affiliates have 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.

Contribution income to Wycliffe USA is subject to a ten to nineteen percent (10-19%) assessment. Contribution income to SC translation projects is subject to a nineteen percent (19%) assessment, which is used for general and administrative and fund-raising expenses. These assessments are reclassified from temporarily restricted to unrestricted net assets in the month the contribution is received.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTED GOODS AND SERVICES

Contributed goods are recorded at fair market value at the time of donation. Contributed 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 and affiliates. Approximately \$142,000 and \$148,000 in contributed services were recognized as revenue and included in general and administrative expense in 2017 and 2016, respectively. Volunteers also provided other services throughout the year that are not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

Contributed services from affiliates represent the value of the staff provided by Wycliffe Organizations (related entities). These services are recorded at the compensation expense amount incurred by the related entities. See Note 9 for contributed services from related entities recorded.

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 consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and activities benefited. Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities.

In developing and maintaining support teams in their deputation efforts, members spend a portion of their time on program, fund-raising, and general and administrative activities. As such, included in total operating expenses is member labor of \$86,369,000 and \$87,737,000 as of September 30, 2017 and 2016, respectively of which approximately 87% is allocated to program services expense, 5% to fund-raising expense, and 8% to general and administrative expense.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

3. INVESTMENTS:

Investments consist of the following (in thousands):

	September 30,	
	2017	2016
Cash and cash equivalents	\$ 588	\$ 783
Investments at fair value:		
Money market mutual funds	355	712
Common stock	9,457	8,047
Mutual funds	3,938	3,358
Corporate bonds	109	145
U.S. government agency bonds	81	83
Exchange traded funds	284	364
Interest in RIACII long term investment portfolio	9,335	6,967
	23,559	19,676
Investments at cost:		
Deposits in the RIACII short term portfolio	44,081	44,746
Accrued interest	9	10
Land and buildings	76	76
	44,166	44,832
	\$ 68,313	\$ 65,291

Investment income consists of the following (in thousands):

	Year Ended September 30,	
	2017	2016
Interest and dividend income	\$ 1,359	\$ 1,318
Investment fees expense	(75)	(48)
Net realized/unrealized gain on investments	2,658	2,005
	\$ 3,942	\$ 3,275

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

4. INVESTMENTS RELATED TO FIDUCIARY AGREEMENTS:

Investments related to fiduciary agreements consist of the following (in thousands):

	September 30,	
	2017	2016
Cash and cash equivalents	\$ 583	\$ 490
Investments at fair value:		
Money market mutual funds	802	571
Common stock	5,498	5,447
Mutual funds	12,529	10,766
Corporate bonds	780	880
U.S. government agency bonds	1,146	1,218
Exchange traded funds	524	610
Exchange traded notes	374	374
Accrued interest and other receivables	48	-
	<u>21,701</u>	<u>19,866</u>
Investments at cost:		
Deposits in the RIACII short term portfolio	1,220	1,289
	<u>\$ 23,504</u>	<u>\$ 21,645</u>

Change in value of fiduciary agreements consists of the following (in thousands):

	Year Ended September 30,	
	2017	2016
Interest and dividend income	\$ 360	\$ 436
Net realized/unrealized gain on investments	1,378	1,126
Investment fees	(106)	(112)
Actuarial change	194	271
Payments and distributions	<u>(1,317)</u>	<u>(1,402)</u>
	<u>\$ 509</u>	<u>\$ 319</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

5. NOTES RECEIVABLE:

Wycliffe USA has a note receivable secured by deed of trust which 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. The balance of the note was approximately \$288,000 and \$626,000 as of September 30, 2017 and 2016, respectively.

Wycliffe USA has a second note receivable secured by deed of trust which bears interest at 5%. The balance of the note was \$360,000 as of September 30, 2017 and 2016. The entire balance of this note was paid in November 2017.

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net of accumulated depreciation consist of the following (in thousands):

	September 30,	
	2017	2016
Land and land improvements	\$ 4,739	\$ 4,739
Buildings	49,429	49,365
Equipment	8,878	9,207
Software	2,274	217
Furniture and fixtures	4,824	4,757
	<u>70,144</u>	<u>68,285</u>
Less accumulated depreciation	<u>(32,951)</u>	<u>(30,493)</u>
	37,193	37,792
Construction in progress	<u>1,865</u>	<u>850</u>
	<u>\$ 39,058</u>	<u>\$ 38,642</u>

7. LINE OF CREDIT:

SC entered into a \$3,000,000 non-revolving line of credit agreement, secured by equipment, that began April 1, 2015 and expired on April 15, 2016, to finance building renovations for the new office building space. Interest only payments were due starting May 15, 2015, at 1% above the prime rate (4.25% as of September 30, 2015) with a balloon payment of all principal plus interest due on April 15, 2016. For the years ending September 30, 2017 and 2016, interest expense was \$0 and \$43,899, respectively. SC paid the balloon payment of approximately \$1,904,000 on April 8, 2016, to close out the line of credit.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

8. OPERATING LEASES:

SC has entered into operating lease agreements through 2022 for office space and various equipment. Per the office space agreement, the lessor agreed to pay for leasehold improvements up to approximately \$605,000. This is considered a lease incentive and, in accordance with generally accepted accounting principles, the total costs of the leasehold improvements were capitalized and the amount paid directly by the lessor (approximately \$605,000) was recorded as a deferred lease incentive liability (consolidated statements of financial position) to be amortized (\$2,517 per month) over the life of the lease as an offset against rent expense. Rental expense was approximately \$468,000 and \$519,000 for the years ended September 30, 2017 and 2016, respectively. Minimum future rentals are as follows (in thousands):

<u>Year ending September 30,</u>	<u>Amounts</u>
2018	\$ 400
2019	427
2020	432
2021	471
2022	481
Thereafter	<u>1,848</u>
	<u>\$ 4,059</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

9. TRANSACTIONS WITH RELATED ENTITIES:

Wycliffe USA and affiliates had assets held with related entities as follows (in thousands):

	September 30,	
	2017	2016
Cash:		
SIL	\$ 4,683	\$ 4,632
Investments:		
SIL	349	750
RIACII	53,416	51,713
	<u>53,765</u>	<u>52,463</u>
Investments related to fiduciary agreements:		
SIL	30	29
RIACII	1,220	1,289
	<u>1,250</u>	<u>1,318</u>
Amounts due from related entities:		
Receivables from members	103	402
SIL and its affiliates	414	332
Other U.S. related entities	-	76
	<u>517</u>	<u>810</u>
	<u>\$ 60,215</u>	<u>\$ 59,223</u>

Wycliffe USA and affiliates had amounts due to related entities as follows (in thousands):

	September 30,	
	2017	2016
Payables to members	\$ 15	\$ 343
SIL and its affiliates	431	435
Other U.S. related entities	14	6
	<u>460</u>	<u>784</u>
	<u>\$ 460</u>	<u>\$ 784</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

9. TRANSACTIONS WITH RELATED ENTITIES, continued:

Wycliffe USA and affiliates received support from various related entities. Such amounts are included in revenue and were received as follows (in thousands):

	Year Ended September 30,	
	2017	2016
SIL and its affiliates	\$ 316	\$ 157
Other U.S. related entities	702	1,502
	<u>\$ 1,018</u>	<u>\$ 1,659</u>

Of the total amounts received from related entities, approximately \$609,000 and \$857,000 for the years ended September 30, 2017 and 2016, respectively, are contributed services related to members assigned to Wycliffe USA and SC from related entities.

Wycliffe USA and affiliates provided support to various related entities. Such amounts are included in program services and were provided as follows (in thousands):

	Year Ended September 30,	
	2017	2016
SIL and its affiliates	\$ 71,802	\$ 76,200
Other U.S. related entities	10,064	6,356
	<u>\$ 81,866</u>	<u>\$ 82,556</u>

Of the total amounts provided to related entities, approximately \$61,508,000 and \$57,646,000, for the years ended September 30, 2017 and 2016, respectively, are non-cash donations related to members assigned to related entities.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

10. NET ASSETS:

Temporarily restricted net assets consist of the following (in thousands):

	September 30,	
	2017	2016
SC:		
Purpose restricted:		
Language projects and translations	\$ 19,245	\$ 18,147
Wycliffe USA:		
Purpose restricted:		
Projects	9,080	6,242
Time restricted:		
Irrevocable trusts	1,707	1,588
Other donor agreements	6,679	6,851
Bequests receivable	258	259
	<u>17,724</u>	<u>14,940</u>
	<u>\$ 36,969</u>	<u>\$ 33,087</u>

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

	September 30,	
	2017	2016
Supplemental income funds	\$ 773	\$ 473
Supplemental retirement funds	902	590
Scholarship funds	1,776	1,020
	<u>\$ 3,451</u>	<u>\$ 2,083</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

11. HEALTH INSURANCE:

Wycliffe USA provides a self-funded health insurance plan to both paid and supported staff. The plan year runs from October 1st to September 30th. 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 consolidated 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. During the year ended September 30, 2017, Wycliffe USA accrued an additional \$800,000 to properly account for an estimate of claims not yet filed on an existing extraordinary claim. Management believes that the liability reflected as medical claims payable in the consolidated statements of financial position is adequate to cover future losses.

12. EMPLOYEE RETIREMENT PLAN:

Wycliffe USA provides a 403(b) retirement plan for both member and non-member employees. For eligible non-member employees who participate in the plan, Wycliffe USA provides matching contributions. Eligible non-member employees are those who have completed 3 months of service and work 20 or more hours per week. These employees can designate a portion of their salary to fund their retirement accounts, and Wycliffe USA matches those contributions up to 2.5% of compensation. All employees are immediately vested at 100%. For the years ended September 30, 2017 and 2016, Wycliffe USA contributed approximately \$209,000 and \$133,000, respectively, to this plan.

SC provides employees the opportunity to participate in its own 403(b) retirement plan that also includes matching contributions. Eligible non-member employees are those who have completely satisfied the plan's earnings and service requirements. These employees can designate a portion of their salary to fund their retirement accounts, and SC matches those contributions up to 2% of compensation. SC contributes an additional 3% of compensation beyond the match for these employees. Employees are vested gradually over a two-year period. For the years ended September 30, 2017 and 2016, SC contributed approximately \$326,000 and \$311,000, respectively, to this plan.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS:

Wycliffe USA and affiliates use appropriate valuation techniques to determine fair value based on inputs available. When available, Wycliffe USA and affiliates 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. Level 1 inputs consist of unadjusted quoted 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 consist of significant unobservable inputs and have the lowest priority.

Fair values of assets measured on a recurring basis are as follows (in thousands):

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market mutual funds	\$ 355	\$ -	\$ -	\$ 355
Corporate bonds	-	109	-	109
U.S. government agency bonds	-	81	-	81
	<u>355</u>	<u>190</u>	<u>-</u>	<u>545</u>
Common stock:				
Technology	1,348	-	-	1,348
Industrials	551	-	4	555
Healthcare	1,325	-	-	1,325
Financial services	516	-	-	516
Consumer	1,125	-	-	1,125
Energy and utilities	26	-	-	26
Basic materials	260	-	-	260
Foreign	4,301	-	-	4,301
Other	1	-	-	1
	<u>9,453</u>	<u>-</u>	<u>4</u>	<u>9,457</u>
Mutual funds:				
Bond funds	868	-	-	868
Large cap funds	2,317	-	-	2,317
Mid cap funds	430	-	-	430
Small cap funds	223	-	-	223
Foreign funds	100	-	-	100
	<u>3,938</u>	<u>-</u>	<u>-</u>	<u>3,938</u>
Exchange traded funds	<u>284</u>	<u>-</u>	<u>-</u>	<u>284</u>
Interest in RIACII long term Investment portfolio*				<u>9,335</u>
	<u>\$ 14,030</u>	<u>\$ 190</u>	<u>\$ 4</u>	<u>\$ 23,559</u>

*Interest in RIACII long term investment portfolio is measured at net asset value and excluded from the fair value hierarchy.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 802	\$ -	\$ -	\$ 802
Corporate bonds	-	780	-	780
U.S. government agency bonds	-	1,146	-	1,146
Exchange traded funds	524	-	-	524
Exchange traded notes	374	-	-	374
Accrued Receivables	48	-	-	48
	<u>1,748</u>	<u>1,926</u>	<u>-</u>	<u>3,674</u>
Common stock:				
Technology	1,133	-	-	1,133
Industrials and materials	541	-	-	541
Healthcare	686	-	-	686
Financial services	602	-	-	602
Consumer	725	-	-	725
Energy and utilities	203	-	-	203
Foreign	1,608	-	-	1,608
	<u>5,498</u>	<u>-</u>	<u>-</u>	<u>5,498</u>
Mutual funds:				
Bond funds	2,689	-	-	2,689
Large cap funds	6,969	-	-	6,969
Mid cap funds	1,722	-	-	1,722
Small cap funds	873	-	-	873
Foreign funds	276	-	-	276
	<u>12,529</u>	<u>-</u>	<u>-</u>	<u>12,529</u>
	<u>\$ 19,775</u>	<u>\$ 1,926</u>	<u>\$ -</u>	<u>\$ 21,701</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market mutual funds	\$ 712	\$ -	\$ -	\$ 712
Corporate bonds	-	145	-	145
U.S. government agency bonds	-	83	-	83
	<u>712</u>	<u>228</u>	<u>-</u>	<u>940</u>
Common stock:				
Technology	1,088	-	-	1,088
Communication services	239	-	-	239
Industrials	306	-	5	311
Healthcare	801	-	-	801
Financial services	542	-	-	542
Consumer	1,145	-	-	1,145
Energy & utilities	21	-	-	21
Basic materials	501	-	-	501
Foreign	3,398	-	-	3,398
Other	1	-	-	1
	<u>8,042</u>	<u>-</u>	<u>5</u>	<u>8,047</u>
Mutual funds:				
Bond funds	836	-	-	836
Large cap funds	1,935	-	-	1,935
Mid cap funds	455	-	-	455
Foreign funds	132	-	-	132
	<u>3,358</u>	<u>-</u>	<u>-</u>	<u>3,358</u>
Exchange traded funds	<u>364</u>	<u>-</u>	<u>-</u>	<u>364</u>
Interest in RIACII long term Investment portfolio*				<u>6,967</u>
	<u>\$ 12,476</u>	<u>\$ 228</u>	<u>\$ 5</u>	<u>\$ 19,676</u>

*Interest in RIACII long term investment portfolio is measured at net asset value and excluded from the fair value hierarchy.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 571	\$ -	\$ -	\$ 571
Corporate bonds	-	880	-	880
U.S. government agency bonds	-	1,218	-	1,218
Exchange traded funds	610	-	-	610
Exchange traded funds	374	-	-	374
	<u>1,555</u>	<u>2,098</u>	<u>-</u>	<u>3,653</u>
Common stock:				
Technology	1,083	-	-	1,083
Industrials and materials	468	-	-	468
Healthcare	808	-	-	808
Financial services	615	-	-	615
Consumer	916	-	-	916
Energy and utilities	209	-	-	209
Foreign	1,348	-	-	1,348
	<u>5,447</u>	<u>-</u>	<u>-</u>	<u>5,447</u>
Mutual funds:				
Bond funds	2,686	-	-	2,686
Large cap funds	6,147	-	-	6,147
Mid cap funds	1,739	-	-	1,739
Foreign funds	193	-	-	193
	<u>10,766</u>	<u>-</u>	<u>-</u>	<u>10,766</u>
	<u>\$ 17,768</u>	<u>\$ 2,098</u>	<u>\$ -</u>	<u>\$ 19,866</u>

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

	September 30,	
	2017	2016
Balance, beginning of year	\$ 5	\$ 33
Total unrealized loss included in changes in net assets	<u>(1)</u>	<u>(28)</u>
Balance, end of year	<u>\$ 4</u>	<u>\$ 5</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS, 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:

Common stock, money markets, mutual funds, exchange traded notes, exchange traded funds and U.S. government agency bonds: The fair value of these financial instruments is based on quoted market prices or dealer quotes, when available. The fair value of restricted corporate stock is based on Wycliffe USA and affiliates' estimated fair market value at an estimated selling cost.

Interest in RIACII long term investment portfolio: The fair value consists of one pooled investment which is not valued based upon quoted market prices. Underlying investments of the pool include money market funds, mutual funds, exchange traded funds, and bond instruments. These investments are reported at estimated fair value as measured by their net asset value as reported by the fund manager (RIACII). That amount represents Wycliffe USA and affiliates' proportionate interest in the capital of the invested funds.

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

Changes in methods and assumptions: None.

Wycliffe USA and affiliates use Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Wycliffe USA and affiliates' interest in the long term investment portfolio calculates NAV per share (or its equivalent) and uses an investment strategy that includes long and short term strategies. This fund has redemption restrictions that require Wycliffe USA and affiliates to give a 15 day advance notice for all withdrawals, not more than two individuals can be made per quarter and a maximum of five withdrawals can be made per year. There are no unfunded commitments at year end. Wycliffe USA and affiliates' investment in this fund was approximately \$9,335,000 and \$6,967,000 as of September 30, 2017 and 2016, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

14. COMMITMENTS:

Project funding commitments:

In the normal course of business, SC makes commitments to sponsor Bible translation projects carried on by related and foreign organizations. 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, 2017 and 2016, SC had approximately \$3,643,000 and \$4,638,000, respectively, remaining to be disbursed under these sponsorship agreements.

15. ENDOWMENT FUNDS:

Wycliffe USA, through services provided by Wycliffe Foundation, administers fifteen individual donor-restricted endowment funds established for a variety of purposes. 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 Prudent Management of Institutional Funds Act (UPMIFA) 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 UPMIFA.

In accordance with UPMIFA, 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

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2017 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2016	\$ -	\$ 518	\$ 2,083	\$ 2,601
Investment return:				
Interest and dividend income	-	70	-	70
Realized and unrealized gains	-	201	-	201
Investment fees	-	(37)	-	(37)
Total investment return	-	234	-	234
Contributions	-	-	1,368	1,368
Appropriation of endowment assets for expenditure	-	(78)	-	(78)
Endowment net assets, September 30, 2017	\$ -	\$ 674	\$ 3,451	\$ 4,125

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2016 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2015	\$ -	\$ 399	\$ 2,076	\$ 2,475
Investment return:				
Interest and dividend income	-	103	-	103
Realized and unrealized gains	-	111	-	111
Investment fees	-	(29)	-	(29)
Total investment return	-	185	-	185
Contributions	-	-	7	7
Appropriation of endowment assets for expenditure	-	(66)	-	(66)
Endowment net assets, September 30, 2016	\$ -	\$ 518	\$ 2,083	\$ 2,601

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

	September 30,	
	2017	2016
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	\$ 3,451	\$ 2,083
Temporarily restricted net assets:		
Term endowment funds	\$ 671	\$ 515
The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UPMIFA	3	3
	\$ 674	\$ 518

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

15. 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 UPMIFA requires Wycliffe USA to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2017 and 2016.

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.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 20, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Wycliffe Bible Translators, Inc. and Affiliates
Orlando, Florida

We have audited the consolidated financial statements of Wycliffe Bible Translators, Inc. and Affiliates as of and for the years ended September 30, 2017 and 2016, and our report thereon dated April 20, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and the consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual organizations, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Columbia, South Carolina
April 20, 2018

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2017

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
ASSETS:						
Cash	\$ 5,114	\$ 114	\$ 7,154	\$ 3	\$ -	\$ 12,385
Investments	45,913	1,857	20,546	-	(3)	68,313
Contributions receivable—net	-	-	625	-	-	625
Bequests receivable	258	-	-	-	-	258
Notes receivable	648	-	-	-	-	648
Amounts due from related entities	403	-	209	-	(95)	517
Other assets	2,337	4	1,188	-	-	3,529
Investments related to fiduciary agreements	23,504	-	-	-	-	23,504
Property and equipment—net of accumulated depreciation	35,003	2	4,052	-	1	39,058
Beneficial interest in agreements managed by WF	-	-	543	-	(543)	-
Assets held for others	-	29,509	-	-	(29,509)	-
	<u>\$ 113,180</u>	<u>\$ 31,486</u>	<u>\$ 34,317</u>	<u>\$ 3</u>	<u>\$ (30,149)</u>	<u>\$ 148,837</u>
LIABILITIES AND NET ASSETS:						
Liabilities:						
Accounts payable and accrued expenses	\$ 677	\$ -	\$ 864	\$ -	\$ -	\$ 1,541
Medical claims payable	2,430	-	-	-	-	2,430
Amounts due to related entities	(65)	95	525	-	(95)	460
Accrued compensation	8,043	-	-	-	-	8,043
Deferred lease incentive	-	-	544	-	1	545
Funds held for others	-	29,509	-	-	(29,509)	-
Fiduciary agreements	11,987	-	-	-	(543)	11,444
	<u>23,072</u>	<u>29,604</u>	<u>1,933</u>	<u>-</u>	<u>(30,146)</u>	<u>24,463</u>
Net Assets:						
Unrestricted:						
Undesignated	13,678	1,880	2,105	3	(3)	17,663
Equity in property and equipment—net	35,003	2	3,508	-	-	38,513
Board designated	-	-	6,983	-	-	6,983
Corporate reserves	18,396	-	-	-	543	18,939
Designated—donor-advised funds	1,856	-	-	-	-	1,856
	<u>68,933</u>	<u>1,882</u>	<u>12,596</u>	<u>3</u>	<u>540</u>	<u>83,954</u>
Temporarily restricted	17,724	-	19,788	-	(543)	36,969
Permanently restricted	3,451	-	-	-	-	3,451
	<u>90,108</u>	<u>1,882</u>	<u>32,384</u>	<u>3</u>	<u>(3)</u>	<u>124,374</u>
Total Liabilities and Net Assets	\$ 113,180	\$ 31,486	\$ 34,317	\$ 3	\$ (30,149)	\$ 148,837

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2016

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
ASSETS:						
Cash	\$ 3,792	\$ 98	\$ 4,431	\$ 3	\$ -	\$ 8,324
Investments	43,799	1,707	19,788	-	(3)	65,291
Contributions receivable–net	-	-	1,859	-	(49)	1,810
Bequests receivable	259	-	-	-	-	259
Notes receivable	986	-	-	-	-	986
Amounts due from related entities	574	-	332	-	(96)	810
Other assets	1,881	4	977	-	-	2,862
Investments related to fiduciary agreements	21,645	-	-	-	-	21,645
Property and equipment–net of accumulated depreciation	35,466	4	3,172	-	-	38,642
Beneficial interest in agreements managed by WF	-	-	532	-	(532)	-
Assets held for others	-	27,978	-	-	(27,978)	-
	<u>\$ 108,402</u>	<u>\$ 29,791</u>	<u>\$ 31,091</u>	<u>\$ 3</u>	<u>\$ (28,658)</u>	<u>\$ 140,629</u>
LIABILITIES AND NET ASSETS:						
Liabilities:						
Accounts payable and accrued expenses	\$ 509	\$ -	\$ 834	\$ -	\$ -	\$ 1,343
Medical claims payable	2,381	-	-	-	-	2,381
Amounts due to related entities	404	96	429	-	(145)	784
Accrued compensation	7,795	-	-	-	-	7,795
Deferred lease incentive	-	-	575	-	-	575
Funds held for others	-	27,978	-	-	(27,978)	-
Fiduciary agreements	12,354	-	-	-	(532)	11,822
	<u>23,443</u>	<u>28,074</u>	<u>1,838</u>	<u>-</u>	<u>(28,655)</u>	<u>24,700</u>
Net assets:						
Unrestricted:						
Undesignated	13,170	1,712	1,311	3	(3)	16,193
Equity in property and equipment–net	35,466	5	2,596	-	-	38,067
Board designated	-	-	6,667	-	-	6,667
Corporate reserves	17,593	-	-	-	532	18,125
Designated–donor–advised funds	1,707	-	-	-	-	1,707
	<u>67,936</u>	<u>1,717</u>	<u>10,574</u>	<u>3</u>	<u>529</u>	<u>80,759</u>
Temporarily restricted	14,940	-	18,679	-	(532)	33,087
Permanently restricted	2,083	-	-	-	-	2,083
	<u>84,959</u>	<u>1,717</u>	<u>29,253</u>	<u>3</u>	<u>(3)</u>	<u>115,929</u>
Total Liabilities and Net assets	\$ 108,402	\$ 29,791	\$ 31,091	\$ 3	\$ (28,658)	\$ 140,629

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2017

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE:						
Contributions	\$ 154,750	\$ 8,508	\$ 40,681	\$ -	\$ (15,140)	\$ 188,799
Service income	2,530	35	979	-	(750)	2,794
Interest and dividend income	887	7	390	-	-	1,284
Other	55	-	42	-	(1)	96
Net loss on sale of property and equipment	(4)	-	(45)	-	-	(49)
Total operating support and revenue	<u>158,218</u>	<u>8,550</u>	<u>42,047</u>	<u>-</u>	<u>(15,891)</u>	<u>192,924</u>
OPERATING EXPENSES:						
Program services:						
Bible translation and related programs	<u>122,487</u>	<u>7,693</u>	<u>29,572</u>	<u>-</u>	<u>(14,882)</u>	<u>144,870</u>
Supporting services:						
General and administrative	21,725	175	4,637	-	(880)	25,657
Fund-raising	<u>11,527</u>	<u>646</u>	<u>5,075</u>	<u>-</u>	<u>(129)</u>	<u>17,119</u>
	<u>33,252</u>	<u>821</u>	<u>9,712</u>	<u>-</u>	<u>(1,009)</u>	<u>42,776</u>
Total operating expenses	<u>155,739</u>	<u>8,514</u>	<u>39,284</u>	<u>-</u>	<u>(15,891)</u>	<u>187,646</u>
Change in net assets from operating activities	<u>2,479</u>	<u>36</u>	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>5,278</u>
NONOPERATING ACTIVITIES:						
Net realized/unrealized gain on investments	2,161	129	368	-	-	2,658
Change in value of fiduciary agreements	<u>509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509</u>
Change in net assets from nonoperating activities	<u>2,670</u>	<u>129</u>	<u>368</u>	<u>-</u>	<u>-</u>	<u>3,167</u>
Change in Net Assets	5,149	165	3,131	-	-	8,445
Net Assets, Beginning of Year	<u>84,959</u>	<u>1,717</u>	<u>29,253</u>	<u>3</u>	<u>(3)</u>	<u>115,929</u>
Net Assets, End of Year	<u>\$ 90,108</u>	<u>\$ 1,882</u>	<u>\$ 32,384</u>	<u>\$ 3</u>	<u>\$ (3)</u>	<u>\$ 124,374</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2016

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE:						
Contributions	\$ 153,184	\$ 8,924	\$ 39,598	\$ -	\$ (15,622)	\$ 186,084
Service income	2,569	44	743	-	(500)	2,856
Interest and dividend income	919	11	340	-	-	1,270
Other	58	-	41	-	-	99
Net gain on sale of property and equipment	1	-	-	-	-	1
Total operating support and revenue	156,731	8,979	40,722	-	(16,122)	190,310
OPERATING EXPENSES:						
Program services:						
Bible translation and related programs	124,387	7,811	29,291	-	(15,315)	146,174
Supporting services:						
General and administrative	21,854	203	3,903	-	(654)	25,306
Fund-raising	9,757	708	5,637	-	(153)	15,949
	31,611	911	9,540	-	(807)	41,255
Total operating expenses	155,998	8,722	38,831	-	(16,122)	187,429
Change in net assets from operating activities	733	257	1,891	-	-	2,881
NONOPERATING ACTIVITIES:						
Net realized/unrealized gain on investments	1,736	68	201	-	-	2,005
Change in value of fiduciary agreements	319	-	-	-	-	319
Change in net assets from nonoperating activities	2,055	68	201	-	-	2,324
Change in Net Assets	2,788	325	2,092	-	-	5,205
Net Assets, Beginning of Year	82,171	1,392	27,161	3	(3)	110,724
Net Assets, End of Year	\$ 84,959	\$ 1,717	\$ 29,253	\$ 3	\$ (3)	\$ 115,929