



WYCLIFFE BIBLE TRANSLATORS, INC.
AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2019 and 2018

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, 2019 and 2018, 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 audit 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.

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

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, 2019 and 2018, and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Wycliffe Bible Translators, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the September 30, 2019 and 2018 consolidated financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Columbia, South Carolina
February 14, 2020

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statements of Financial Position

(in thousands of dollars)

	September 30,	
	2019	2018
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 19,159	\$ 18,737
Amounts due from related entities (Note 8)	191	17
Other assets	4,855	3,948
Bequests receivable	606	348
Investments (Note 4)	69,243	72,692
Investments related to fiduciary agreements (Note 5)	24,267	24,140
Property and equipment—net of accumulated depreciation (Note 6)	35,881	38,999
Intangible assets under development	1,197	280
	<u>\$ 155,399</u>	<u>\$ 159,161</u>
Total Assets	\$ 155,399	\$ 159,161
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,331	\$ 2,153
Medical claims payable (Note 12)	1,221	1,530
Amounts due to related entities (Note 8)	222	453
Accrued compensation	8,086	7,837
Deferred lease incentive (Note 7)	484	514
Fiduciary agreements (Note 2)	10,772	11,046
	<u>23,116</u>	<u>23,533</u>
Net assets:		
Without donor restrictions (Note 9)	89,625	93,425
With donor restrictions (Note 10)	42,658	42,203
	<u>132,283</u>	<u>135,628</u>
Total Liabilities and Net Assets	\$ 155,399	\$ 159,161

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Contributions	\$ 24,471	\$ 179,812	\$ 204,283
Service income	2,720	3	2,723
Interest and dividend income	1,067	398	1,465
Other income	95	6	101
Net loss on sale of property and equipment	(3)	-	(3)
Net assets released from restrictions:			
Field support adjustments	9,717	(9,717)	-
Administrative assessments (10-19% administration and fund-raising)	24,546	(24,546)	-
Satisfaction of program restrictions	143,933	(143,933)	-
Expiration of time restrictions	922	(922)	-
Total Operating Support and Revenue	207,468	1,101	208,569
OPERATING EXPENSES:			
Program services:			
Bible translation and related programs	175,283	-	175,283
Supporting services:			
General and administrative	17,803	-	17,803
Fund-raising	19,783	-	19,783
Total supporting services	37,586	-	37,586
Total Operating Expenses	212,869	-	212,869
Change in net assets from operating activities	(5,401)	1,101	(4,300)
NONOPERATING ACTIVITIES:			
Net realized/unrealized gain on investments	1,711	141	1,852
Change in value of fiduciary agreements (Note 5)	(110)	(787)	(897)
Change in net assets from nonoperating activities	1,601	(646)	955
Change in Net Assets	(3,800)	455	(3,345)
Net Assets, Beginning of Year	93,425	42,203	135,628
Net Assets, End of Year	\$ 89,625	\$ 42,658	\$ 132,283

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2018

	Without Donor restrictions	With Donor restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Contributions	\$ 27,023	\$ 177,544	\$ 204,567
Service income	3,125	-	3,125
Interest and dividend income	1,285	250	1,535
Other income	98	-	98
Net gain on sale of property and equipment	4	-	4
Net assets released from restrictions:			
Field support adjustments	11,684	(11,684)	-
Administrative assessments (10-19% administration and fund raising)	25,347	(25,347)	-
Satisfaction of program restrictions	139,287	(139,287)	-
Expiration of time restrictions	376	(376)	-
Total Operating Support and Revenue	208,229	1,100	209,329
OPERATING EXPENSES:			
Program services:			
Bible translation and related programs	165,610	-	165,610
Supporting services:			
General and administrative	17,499	-	17,499
Fund-raising	18,377	-	18,377
Total supporting services	35,876	-	35,876
Total Operating Expenses	201,486	-	201,486
Change in net assets from operating activities	6,743	1,100	7,843
NONOPERATING ACTIVITIES:			
Net realized/unrealized gain on investments	2,632	747	3,379
Change in value of fiduciary agreements (Note 5)	96	(64)	32
Change in net assets from nonoperating activities	2,728	683	3,411
Change in Net Assets	9,471	1,783	11,254
Net Assets, Beginning of Year	83,954	40,420	124,374
Net Assets, End of Year	\$ 93,425	\$ 42,203	\$ 135,628

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,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,345)	\$ 11,254
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,793	3,852
Net loss (gain) on disposal of property and equipment	3	(4)
Gifts-in-kind	-	32
Net realized/unrealized gain on sale of investments	(1,852)	(3,379)
Change in value of fiduciary agreements	897	(32)
Contributions restricted for endowment	(20)	(35)
Changes in assets and liabilities:		
Contributions receivable	-	625
Bequests receivable	(258)	(90)
Amounts due from related entities	(174)	290
Other assets	(907)	(210)
Accounts payable, accrued expenses, and medical claims payable	(131)	(533)
Amounts due to related entities	(233)	(7)
Accrued compensation	244	(206)
Deferred lease incentive	(30)	(31)
Net Cash Provided (Used) by Operating Activities	(1,013)	11,526
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(6,567)	(7,936)
Purchase of intangible assets under development	(917)	(280)
Proceeds from sale of investments	11,587	7,159
Payments received on notes receivable	-	648
Purchase of property and equipment	(1,681)	(3,580)
Proceeds from sale of property and equipment	3	4
Net Cash Provided (Used) by Investing Activities	2,425	(3,985)

(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,	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new fiduciary agreements	1,026	732
Payments on fiduciary agreements	(2,036)	(1,956)
Contributions restricted for endowment	20	35
Net Cash Used by Financing Activities	<u>(990)</u>	<u>(1,189)</u>
Net Change in Cash and Cash Equivalents	422	6,352
Cash and Cash Equivalents, Beginning of Year	<u>18,737</u>	<u>12,385</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,159</u>	<u>\$ 18,737</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchases of property and equipment through accounts payable	<u>\$ -</u>	<u>\$ 245</u>

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators, Inc. (Wycliffe USA), a California nonprofit corporation headquartered in Orlando, Florida, 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 100 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 Wycliffe Seed Company, Inc. (SC) and Wycliffe Bible Translation Foundation, Inc. (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, Texas. 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.

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, 2019 and 2018

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 available to Wycliffe Global Alliance member and associated partner organizations.
- Wycliffe Global Alliance (WGA) promotes the efforts of the WGA Organizations (more than 100 Alliance Organizations) as they engage the worldwide Church in providing resources for Bible translation and related ministry around the globe.
- Dallas International University (DIU), formerly 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, Bible translation, and equips students with the skills to train and serve others.

DISSOLVED CONTROLLED AFFILIATE

During the fiscal year ending September 30, 2019, Wycliffe USA dissolved Moss Park Holdings, Inc. (MPH), a controlled and consolidated affiliate. MPH, a Florida for-profit corporation, was formed for the purpose of holding investments in real estate primarily related to Wycliffe USA's corporate relocation to Orlando, Florida from Huntington Beach, California in 1999.

MEMBERS

The work of Wycliffe USA is primarily carried out by approximately 2,950 active members 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 support 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, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash includes checking, savings, money market accounts deposited with FDIC and NCUA-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, 2019 and 2018, Wycliffe USA and affiliates had cash balances exceeding federally insured limits by approximately \$16,500,000 and \$16,900,000, respectively. As of September 30, 2019 and 2018, Wycliffe USA and affiliates had approximately \$7,943,000 and \$9,754,000, 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 buildings are recorded at the lower of cost or estimated market value.

RIA Charitable Investments, Inc. (RIACII) operates as an investment pool available to Wycliffe Global Alliance member and associated partner 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, 2019 and 2018, respectively) to participants in proportion to the amount they have on deposit in the pool. Interest income recorded in the consolidated statements of activities for 2019 and 2018 was approximately \$923,000 and \$880,000, 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, 2019 and 2018, RIACII reported total assets with a fair value of approximately \$95,763,000 and \$95,592,000, respectively, of which Wycliffe USA and affiliates hold approximately \$51,683,000 (54%) and \$56,886,000 (59%).

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, 2019 and 2018, respectively.

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.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets under development by SC consist of costs capitalized for the development of software. These costs represent amounts paid to outside contractors. Phase 1, which was the research and development phase of the project, was completed in fiscal year 2018. Approximately \$550,000 of research and development costs were incurred and expensed during the year ended September 30, 2018. During the year ended September 30, 2019, Phase 2 of development was completed and Phase 3 was substantially completed. The majority of the costs incurred during Phase 2 and 3 have been capitalized.

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 2019 and 2018, SC received approximately \$1,200,000 and \$1,400,000, respectively, in matching funds for certain translation projects that must be raised within a three year period. For the years ended September 30, 2019 and 2018, a deferred matching contribution revenue liability was accrued for approximately \$58,000 and \$0 respectively.

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 BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FIDUCIARY AGREEMENTS, continued

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 (loss) gain of approximately (\$897,000) and \$371,000 in 2019 and 2018, 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 \$14,368,000 and \$14,052,000 as of September 30, 2019 and 2018, 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 contributions with donor restrictions in the period received and as net assets with donor restrictions until a reclassification to unrestricted net assets is made, upon maturity of the trust. Investments related to trust agreements totaled approximately \$5,453,000 and \$5,772,000 as of September 30, 2019 and 2018, respectively.

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

	September 30,	
	2019	2018
Charitable gift annuity contracts	\$ 5,509	\$ 5,648
Revocable charitable trusts	962	1,091
Charitable remainder trusts	1,726	1,934
Amount due to other remaindermen	2,575	2,373
	<u>\$ 10,772</u>	<u>\$ 11,046</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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:

Net assets without donor restrictions include gifts or those resources invested in property and equipment for the general operations of Wycliffe USA and affiliates or designated by the board for specific use. In addition, Wycliffe USA maintains corporate reserves 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 a 90-day operating reserve.

Net assets with donor restrictions include gifts for which donor-imposed restrictions or time restrictions have not been met, but for which the ultimate purpose of the proceeds is not restricted in perpetuity.

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 net assets with donor restrictions to net assets without donor restrictions in the month the contribution is received.

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 \$338,000 and \$316,000 in contributed services were recognized as revenue and included in general and administrative expense in 2019 and 2018, 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 8 for contributed services from related entities recorded.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. Wycliffe USA initially assigns a functional expense category to each cost center/fund. Afterwards, Wycliffe USA re-allocates certain expenses where activity is known to be significant in a functional area different from that assigned to the cost center(s)/funds. Reallocations take place in the following areas: active member labor, retired member labor, insurance benefits (member and paid), facilities operations in Orlando, depreciation, reimbursement from Wycliffe Foundation, grants, website, and techops.

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 \$85,903,000 and \$88,289,000 as of September 30, 2019 and 2018, respectively of which approximately 88% is allocated to program services expense, 5% to fund-raising expense, and 7% to general and administrative expense.

RECLASSIFICATIONS

Certain amounts from the prior year consolidated financial statements have been reclassified to conform to the current year presentation. On the consolidated statement of activities for the year ended September 30, 2018, the program service expenses increased by \$8,381,000, general and administrative expenses decreased by \$7,329,000 and the fund-raising expenses decreased by \$1,052,000.

RECENTLY ISSUE ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issue Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Wycliffe USA adopted the provisions of this new ASU during the year ended September 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 3), and disclosures related to functional allocation of expenses were expanded (Note 11).

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

As described in Note 2 on the previous page, the FASB issued ASU 2016-14, which requires not-for-profit entities to report on liquidity and the availability of resources. Specifically, ASU 2016-14 requires identification and explanation of financial resources available for general expenditures within one year. General expenditures include all financial resources disbursed to advance the not-for-profit's core mission programs.

Wycliffe USA and affiliates general expenditures in support of core missional programs include Bible translation and missionary-related programs, general and administrative and fund-raising activities necessary to sustain Bible translation efforts worldwide. More specifically, this includes the recruitment, support and retention of over 4,900 missionaries and funding and sustaining nearly 1,000 Bible translation projects through global partners.

The following reflects (in thousands) Wycliffe USA and affiliates financial assets as of September 30, 2019, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

Financial assets:

Cash and cash equivalents	\$ 19,159
Amounts due from related entities	191
Bequest receivable	606
Investments	69,243
Investments related to fiduciary agreements	24,267
Financial assets, end of year	<u>113,466</u>
Less those unavailable for general expenditures within one year, due to:	
Fiduciary agreements	(24,267)
Funds for capital expenditures	(3,676)
Designated donor-advised funds	(1,634)
Corporate-designated and board-designated reserves	(28,109)
Unavailable for general expenditures within one year	<u>(57,686)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 55,780</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As part of Wycliffe USA and affiliates liquidity management policies and practices, the organizations maintain financial assets to be available for general expenditures and other obligations as they come due. A quantitative break down of financial assets available for core missional programs as of September 30, 2019 is as follows (in thousands):

Language translation projects	\$ 29,053
Satisfaction of short-term liabilities	9,846
General and administrative expenses	<u>16,881</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 55,780</u>

Language translation projects includes the associated expenses of funding and sustaining Bible translation projects worldwide according to individual project budgets and disbursements schedules.

Satisfaction of short-term liabilities includes compensation, benefits and medical claims incurred but not paid.

General and administrative expenses includes liquid assets available to support core missional program activities.

Overall, total financial assets available to meet cash needs for general expenditures within one year of approximately \$55,780,000 represents approximately three months of operating expenses as reported in the consolidated statement of activities.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

4. INVESTMENTS:

Investments consist of the following (in thousands):

	September 30,	
	2019	2018
Cash and cash equivalents	\$ 440	\$ 503
Investments at fair value:		
Money market mutual funds	456	740
Common stock	11,713	10,659
Mutual funds	5,312	4,413
Corporate bonds	15	61
U.S. government agency bonds	55	79
Exchange traded funds	255	264
Interest in RIACII long-term investment portfolio	11,314	10,756
	<u>29,120</u>	<u>26,972</u>
Investments at cost:		
Deposits in the RIACII short-term portfolio	39,429	44,968
Accrued interest	12	7
Land and buildings	242	242
	<u>39,683</u>	<u>45,217</u>
	<u>\$ 69,243</u>	<u>\$ 72,692</u>

Investment income consists of the following (in thousands):

	Year Ended September 30,	
	2019	2018
Interest and dividend income	\$ 1,604	\$ 1,603
Investment fees expense	(139)	(68)
Net realized/unrealized gain on investments	1,852	3,379
	<u>\$ 3,317</u>	<u>\$ 4,914</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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5. INVESTMENTS RELATED TO FIDUCIARY AGREEMENTS:

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

	September 30,	
	2019	2018
Cash and cash equivalents	\$ 724	\$ 669
Investments at fair value:		
Money market mutual funds	865	585
Common stock	6,326	6,062
Mutual funds	12,286	13,206
Corporate bonds	897	751
U.S. government agency bonds	1,696	1,259
Exchange traded notes	533	446
	<u>22,603</u>	<u>22,309</u>
Investments at cost:		
Deposits in the RIACII short-term portfolio	940	1,162
	<u>\$ 24,267</u>	<u>\$ 24,140</u>

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

	Year Ended September 30,	
	2019	2018
Interest and dividend income	\$ 488	\$ 371
Net realized/unrealized gain on investments	619	1,701
Investment fees	(108)	(104)
Actuarial change	140	20
Payments and distributions	(2,036)	(1,956)
	<u>\$ (897)</u>	<u>\$ 32</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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6. PROPERTY AND EQUIPMENT—NET:

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

	September 30,	
	2019	2018
Land and land improvements	\$ 4,818	\$ 4,739
Buildings	49,445	49,429
Equipment	7,430	7,933
Software	8,060	6,413
Furniture and fixtures	4,925	4,913
	74,678	73,427
Less accumulated depreciation	(39,675)	(36,446)
	35,003	36,981
Construction in progress	878	2,018
	\$ 35,881	\$ 38,999

7. 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 \$446,000 for the years ended September 30, 2019 and 2018, respectively. Minimum future rentals are as follows (in thousands):

Year ending September 30,	Amounts
2020	\$ 476
2021	477
2022	483
2023	492
2024	503
Thereafter	860
	\$ 3,291

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

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8. TRANSACTIONS WITH RELATED ENTITIES:

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

	September 30,	
	2019	2018
Cash:		
SIL	\$ 7,943	\$ 9,754
Investments:		
SIL	168	168
RIACII	50,743	55,724
	<u>50,911</u>	<u>55,892</u>
Investments related to fiduciary agreements:		
SIL	158	158
RIACII	940	1,162
	<u>1,098</u>	<u>1,320</u>
Amounts due from related entities:		
Receivables from members	13	17
SIL and its affiliates	178	-
	<u>191</u>	<u>17</u>
	<u>\$ 60,143</u>	<u>\$ 66,983</u>

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

	September 30,	
	2019	2018
Payables to members	\$ 24	\$ 2
SIL and its affiliates	198	451
	<u>\$ 222</u>	<u>\$ 453</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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8. 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,	
	2019	2018
SIL and its affiliates	\$ 101	\$ 124
Other U.S. related entities	800	796
	<u>\$ 901</u>	<u>\$ 920</u>

Of the total amounts received from related entities, approximately \$787,000 and \$774,000 for the years ended September 30, 2019 and 2018, 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,	
	2019	2018
SIL and its affiliates	\$ 69,240	\$ 73,638
Other U.S. related entities	9,428	9,245
	<u>\$ 78,668</u>	<u>\$ 82,883</u>

Of the total amounts provided to related entities, approximately \$57,564,000 and \$59,163,000, for the years ended September 30, 2019 and 2018, 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, 2019 and 2018

9. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restriction consist of the following (in thousands):

	September 30,	
	2019	2018
Wycliffe USA:		
Undesignated	\$ 56,327	\$ 56,772
Corporate-designated reserves	21,658	21,392
	<u>77,985</u>	<u>78,164</u>
SC:		
Undesignated	3,416	4,811
Board-designated operating reserves	5,770	8,083
	<u>9,186</u>	<u>12,894</u>
Wycliffe Foundation:		
Undesignated	65	44
Designated donor-advised funds	1,634	1,701
	<u>1,699</u>	<u>1,745</u>
Moss Park Holdings	<u>-</u>	<u>3</u>
Reclassifications/eliminations	<u>755</u>	<u>619</u>
	<u>\$ 89,625</u>	<u>\$ 93,425</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

10. NET ASSETS WITH DONOR RESTRICTIONS:

	September 30,	
	2019	2018
Wycliffe USA:		
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 10,753	\$ 9,937
Time restricted:		
Missionary partnership plans	6,618	6,215
Irrevocable trusts	1,872	1,926
Endowments	940	829
Bequests receivable	606	348
Restricted in perpetuity:		
Endowments	3,506	3,486
	<u>24,295</u>	<u>22,741</u>
SC:		
Purpose restricted:		
Language projects, translations, and other initiatives	18,363	19,462
Time restricted:		
Beneficial interest in split-interest agreements	765	622
	<u>19,128</u>	<u>20,084</u>
Reclassifications/eliminations	<u>(765)</u>	<u>(622)</u>
	<u>\$ 42,658</u>	<u>\$ 42,203</u>

Net assets with donor restrictions in perpetuity 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. Net assets with donor restrictions in perpetuity consist of the amounts available for investment in perpetuity, the income from which is restricted for (in thousands):

	September 30,	
	2019	2018
Supplemental member income funds	\$ 773	\$ 773
Supplemental member retirement funds	922	922
Scholarship funds	1,811	1,791
	<u>\$ 3,506</u>	<u>\$ 3,486</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

11. NATURAL CLASSIFICATION OF EXPENSES:

Functional expenses by natural classification consist of (in thousands):

	Year ended September 30, 2019			
	Program		Fund-raising	Total
	Services–Bible Translation	Administrative Services		
Grants to language translation projects	\$ 49,156	\$ 85	\$ -	\$ 49,241
Compensation and benefits	110,582	10,923	12,926	134,431
Travel, conference, and meetings	4,586	1,179	2,339	8,104
Professional services	3,845	1,355	2,347	7,547
Depreciation	3,862	582	350	4,794
Information technology	1,031	1,064	193	2,288
Office expenses	799	1,290	1,235	3,324
Occupancy	986	1,082	157	2,225
Advertising and promotion	197	34	186	417
Other	239	209	50	498
Total	\$ 175,283	\$ 17,803	\$ 19,783	\$ 212,869

	Year ended September 30,	
	2019	2018
Grants to language translation projects	\$ 49,241	\$ 42,816
Compensation and benefits	134,431	130,885
Travel, conference, and meetings	8,104	8,999
Professional services	7,547	6,690
Depreciation	4,794	3,849
Information technology	2,288	2,267
Office expenses	3,324	2,888
Occupancy	2,225	2,072
Advertising and promotion	417	537
Other	498	483
Total	\$ 212,869	\$ 201,486

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

12. 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. Management believes that the liability reflected as medical claims payable in the consolidated statements of financial position is adequate to cover future losses.

13. 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, 2019 and 2018, Wycliffe USA contributed approximately \$161,000 and \$156,000, 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, 2019 and 2018, SC contributed approximately \$461,000 and \$405,000, respectively, to this plan.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

14. 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 are 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, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market mutual funds	\$ 456	\$ -	\$ -	\$ 456
Corporate bonds	-	15	-	15
U.S. government agency bonds	-	55	-	55
	<u>456</u>	<u>70</u>	<u>-</u>	<u>526</u>
Common stock:				
Technology	962	-	-	962
Communication services	228	-	-	228
Industrials	515	-	3	518
Healthcare	2,302	-	-	2,302
Financial services	1,099	-	-	1,099
Consumer	1,160	-	-	1,160
Basic materials	681	-	-	681
Foreign	4,763	-	-	4,763
	<u>11,710</u>	<u>-</u>	<u>3</u>	<u>11,713</u>
Mutual funds:				
Bond funds	1,473	-	-	1,473
Large cap funds	2,996	-	-	2,996
Mid cap funds	548	-	-	548
Small cap funds	200	-	-	200
Foreign funds	95	-	-	95
	<u>5,312</u>	<u>-</u>	<u>-</u>	<u>5,312</u>
Exchange traded funds	<u>255</u>	<u>-</u>	<u>-</u>	<u>255</u>
Interest in RIACII long-term investment portfolio*				<u>11,314</u>
	<u>\$ 17,733</u>	<u>\$ 70</u>	<u>\$ 3</u>	<u>\$ 29,120</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, 2019 and 2018

14. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 865	\$ -	\$ -	\$ 865
Corporate bonds	-	897	-	897
U.S. government agency bonds	-	1,696	-	1,696
Exchange traded notes	533	-	-	533
	<u>1,398</u>	<u>2,593</u>	<u>-</u>	<u>3,991</u>
Common stock:				
Technology	1,429	-	-	1,429
Industrials and materials	711	-	-	711
Healthcare	592	-	-	592
Financial services	621	-	-	621
Consumer	723	-	-	723
Energy and utilities	204	-	-	204
Foreign	2,046	-	-	2,046
	<u>6,326</u>	<u>-</u>	<u>-</u>	<u>6,326</u>
Mutual funds:				
Bond funds	2,533	-	-	2,533
Real estate funds	880	-	-	880
Large cap funds	6,510	-	-	6,510
Mid cap funds	1,338	-	-	1,338
Small cap funds	981	-	-	981
Foreign funds	44	-	-	44
	<u>12,286</u>	<u>-</u>	<u>-</u>	<u>12,286</u>
	<u>\$ 20,010</u>	<u>\$ 2,593</u>	<u>\$ -</u>	<u>\$ 22,603</u>

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Notes to Consolidated Financial Statements

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14. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market mutual funds	\$ 740	\$ -	\$ -	\$ 740
Corporate bonds	-	61	-	61
U.S. government agency bonds	-	79	-	79
	<u>740</u>	<u>140</u>	<u>-</u>	<u>880</u>
Common stock:				
Technology	938	-	-	938
Industrials	671	-	4	675
Healthcare	2,294	-	-	2,294
Financial services	1,115	-	-	1,115
Consumer	1,212	-	-	1,212
Energy and utilities	24	-	-	24
Basic materials	549	-	-	549
Foreign	3,852	-	-	3,852
	<u>10,655</u>	<u>-</u>	<u>4</u>	<u>10,659</u>
Mutual funds:				
Bond funds	990	-	-	990
Large cap funds	2,571	-	-	2,571
Mid cap funds	474	-	-	474
Small cap funds	290	-	-	290
Foreign funds	88	-	-	88
	<u>4,413</u>	<u>-</u>	<u>-</u>	<u>4,413</u>
Exchange traded funds	<u>264</u>	<u>-</u>	<u>-</u>	<u>264</u>
Interest in RIACII long-term investment portfolio*				<u>10,756</u>
	<u>\$ 16,072</u>	<u>\$ 140</u>	<u>\$ 4</u>	<u>\$ 26,972</u>

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

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14. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 585	\$ -	\$ -	\$ 585
Corporate bonds	-	751	-	751
U.S. government agency bonds	-	1,259	-	1,259
Exchange traded notes	446	-	-	446
	<u>1,031</u>	<u>2,010</u>	<u>-</u>	<u>3,041</u>
Common stock:				
Technology	1,309	-	-	1,309
Industrials and materials	694	-	-	694
Healthcare	689	-	-	689
Financial services	541	-	-	541
Consumer	758	-	-	758
Energy and utilities	251	-	-	251
Foreign	1,820	-	-	1,820
	<u>6,062</u>	<u>-</u>	<u>-</u>	<u>6,062</u>
Mutual funds:				
Bond funds	2,856	-	-	2,856
Real estate funds	760	-	-	760
Large cap funds	6,935	-	-	6,935
Mid cap funds	1,442	-	-	1,442
Small cap funds	1,172	-	-	1,172
Foreign funds	41	-	-	41
	<u>13,206</u>	<u>-</u>	<u>-</u>	<u>13,206</u>
	<u>\$ 20,299</u>	<u>\$ 2,010</u>	<u>\$ -</u>	<u>\$ 22,309</u>

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

	September 30,	
	2019	2018
Balance, beginning of year	\$ 4	\$ 4
Total unrealized loss included in changes in net assets	<u>(1)</u>	<u>-</u>
Balance, end of year	<u>\$ 3</u>	<u>\$ 4</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

14. 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 withdrawals 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 \$11,314,000 and \$10,756,000 as of September 30, 2019 and 2018, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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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 net assets restricted in perpetuity (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 net assets restricted in perpetuity is classified as net assets with restrictions 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

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15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2019, (in thousands):

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift	
Endowment net assets, October 1, 2018	\$ -	\$ 829	\$ 3,486	\$ 4,315
Investment return:				
Interest and dividend income	-	193	-	193
Realized and unrealized gains	-	23	-	23
Investment fees	-	(47)	-	(47)
	-	169	-	169
Contributions	-	-	20	20
Appropriation of endowment assets for expenditure	-	(58)	-	(58)
Endowment net assets, September 30, 2019	\$ -	\$ 940	\$ 3,506	\$ 4,446

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15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2018, (in thousands):

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift	
Endowment net assets, October 1, 2017	\$ -	\$ 674	\$ 3,451	\$ 4,125
Investment return:				
Interest and dividend income	-	108	-	108
Realized and unrealized gains	-	331	-	331
Investment fees	-	(48)	-	(48)
	-	391	-	391
Contributions	-	-	35	35
Appropriation of endowment assets for expenditure	-	(236)	-	(236)
Endowment net assets, September 30, 2018	\$ -	\$ 829	\$ 3,486	\$ 4,315

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Notes to Consolidated Financial Statements

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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, 2019 and 2018.

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 February 14, 2020 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, 2019 and 2018, and our report thereon dated February 14, 2020, 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
February 14, 2020

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2019

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Reclassifications/ Eliminations	Total
ASSETS:					
Cash	\$ 8,636	\$ 156	\$ 10,367	\$ -	\$ 19,159
Investments	54,664	1,634	12,955	(10)	69,243
Bequests receivable	606	-	-	-	606
Amounts due from related entities	288	-	-	(97)	191
Other assets	2,876	4	1,975	-	4,855
Investments related to fiduciary agreements	24,267	-	-	-	24,267
Property and equipment—net of accumulated depreciation	32,326	-	3,555	-	35,881
Intangible assets under development	-	-	1,197	-	1,197
Beneficial interest in agreements managed by WF	-	-	765	(765)	-
Assets held for others	-	30,885	-	(30,885)	-
	<u>\$ 123,663</u>	<u>\$ 32,679</u>	<u>\$ 30,814</u>	<u>\$ (31,757)</u>	<u>\$ 155,399</u>
Total Assets					
LIABILITIES AND NET ASSETS:					
Liabilities:					
Accounts payable and accrued expenses	\$ 513	\$ -	\$ 1,818	\$ -	\$ 2,331
Medical claims payable	1,221	-	-	-	1,221
Amounts due to related entities	26	94	198	(96)	222
Accrued compensation	8,086	-	-	-	8,086
Deferred lease incentive	-	-	484	-	484
Funds held for others	-	30,886	-	(30,886)	-
Fiduciary agreements	11,537	-	-	(765)	10,772
	<u>21,383</u>	<u>30,980</u>	<u>2,500</u>	<u>(31,747)</u>	<u>23,116</u>
Net assets:					
Without donor restrictions	77,985	1,699	9,186	755	89,625
With donor restrictions	24,295	-	19,128	(765)	42,658
	<u>102,280</u>	<u>1,699</u>	<u>28,314</u>	<u>(10)</u>	<u>132,283</u>
Total Liabilities and Net Assets	<u>\$ 123,663</u>	<u>\$ 32,679</u>	<u>\$ 30,814</u>	<u>\$ (31,757)</u>	<u>\$ 155,399</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2018

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
ASSETS:						
Cash	\$ 9,981	\$ 123	\$ 8,630	\$ 3	\$ -	\$ 18,737
Investments	52,099	1,701	18,895	-	(3)	72,692
Bequests receivable	348	-	-	-	-	348
Amounts due from related entities	100	-	-	-	(83)	17
Other assets	2,029	4	1,915	-	-	3,948
Investments related to fiduciary agreements	24,140	-	-	-	-	24,140
Property and equipment—net of accumulated depreciation	33,803	-	5,196	-	-	38,999
Intangible assets under development	-	-	280	-	-	280
Beneficial interest in agreements managed by WF	-	-	622	-	(622)	-
Assets held for others	-	30,354	-	-	(30,354)	-
	<u>\$ 122,500</u>	<u>\$ 32,182</u>	<u>\$ 35,538</u>	<u>\$ 3</u>	<u>\$ (31,062)</u>	<u>\$ 159,161</u>
LIABILITIES AND NET ASSETS:						
Liabilities:						
Accounts payable and accrued expenses	\$ 558	\$ -	\$ 1,595	\$ -	\$ -	\$ 2,153
Medical claims payable	1,530	-	-	-	-	1,530
Amounts due to related entities	2	82	451	-	(82)	453
Accrued compensation	7,837	-	-	-	-	7,837
Deferred lease incentive	-	-	514	-	-	514
Funds held for others	-	30,355	-	-	(30,355)	-
Fiduciary agreements	11,668	-	-	-	(622)	11,046
	<u>21,595</u>	<u>30,437</u>	<u>2,560</u>	<u>-</u>	<u>(31,059)</u>	<u>23,533</u>
Net assets:						
Without donor restrictions	78,164	1,745	12,894	3	619	93,425
With donor restrictions	22,741	-	20,084	-	(622)	42,203
	<u>100,905</u>	<u>1,745</u>	<u>32,978</u>	<u>3</u>	<u>(3)</u>	<u>135,628</u>
Total Liabilities and Net Assets	<u>\$ 122,500</u>	<u>\$ 32,182</u>	<u>\$ 35,538</u>	<u>\$ 3</u>	<u>\$ (31,062)</u>	<u>\$ 159,161</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2019

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE:						
Contributions	\$ 161,264	\$ 9,296	\$ 47,888	\$ -	\$ (14,165)	\$ 204,283
Service income	2,683	40	15	-	(15)	2,723
Interest and dividend income	1,136	12	317	-	-	1,465
Other income	93	-	10	-	(2)	101
Net loss on sale of property and equipment	(3)	-	-	-	-	(3)
Total Operating Support and Revenue	165,173	9,348	48,230	-	(14,182)	208,569
OPERATING EXPENSES:						
Program services:						
Bible translation and related programs	138,339	8,495	42,300	-	(13,851)	175,283
Supporting services:						
General and administrative	14,270	210	3,492	3	(172)	17,803
Fund-raising	11,943	733	7,259	-	(152)	19,783
Total supporting services	26,213	943	10,751	3	(324)	37,586
Total Operating Expenses	164,552	9,438	53,051	3	(14,175)	212,869
Change in net assets from operating activities	621	(90)	(4,821)	(3)	(7)	(4,300)
NONOPERATING ACTIVITIES:						
Net realized/unrealized gain on investments	1,651	44	157	-	-	1,852
Change in value of fiduciary agreements	(897)	-	-	-	-	(897)
Change in net assets from nonoperating activities	754	44	157	-	-	955
Change in Net Assets	1,375	(46)	(4,664)	(3)	(7)	(3,345)
Net Assets, Beginning of Year	100,905	1,745	32,978	3	(3)	135,628
Net Assets, End of Year	\$ 102,280	\$ 1,699	\$ 28,314	\$ -	\$ (10)	\$ 132,283

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2018

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE:						
Contributions	\$ 163,120	\$ 11,492	\$ 49,076	\$ -	\$ (19,121)	\$ 204,567
Service income	2,833	41	277	-	(26)	3,125
Interest and dividend income	1,118	7	410	-	-	1,535
Other income	41	-	61	-	(4)	98
Net gain on sale of property and equipment	1	-	3	-	-	4
Total Operating Support and Revenue	167,113	11,540	49,827	-	(19,151)	209,329
OPERATING EXPENSES:						
Program services:						
Bible translation and related programs	135,332	10,929	38,149	-	(18,800)	165,610
Supporting services:						
General and administrative	13,628	183	3,879	-	(191)	17,499
Fund-raising	10,203	691	7,643	-	(160)	18,377
Total supporting services	23,831	874	11,522	-	(351)	35,876
Total Operating Expenses	159,163	11,803	49,671	-	(19,151)	201,486
 Change in net assets from operating activities	 7,950	 (263)	 156	 -	 -	 7,843
NONOPERATING ACTIVITIES:						
Net realized/unrealized gain on investments	2,815	126	438	-	-	3,379
Change in value of fiduciary agreements	32	-	-	-	-	32
Change in net assets from nonoperating activities	2,847	126	438	-	-	3,411
 Change in Net Assets	 10,797	 (137)	 594	 -	 -	 11,254
Net Assets, Beginning of Year	90,108	1,882	32,384	3	(3)	124,374
 Net Assets, End of Year	 \$ 100,905	 \$ 1,745	 \$ 32,978	 \$ 3	 \$ (3)	 \$ 135,628