



**WYCLIFFE BIBLE TRANSLATORS, INC.  
AND AFFILIATES**

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2015 and 2014

# 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, 2015 and 2014, 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, 2015 and 2014, 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*

Atlanta, Georgia  
February 5, 2016

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statements of Financial Position

(in thousands of dollars)

	September 30,	
	2015	2014
<b>ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 8,441	\$ 11,060
Investments (Note 3)	62,430	58,262
Contributions receivable–net	440	-
Bequests receivable	1,244	973
Note receivable (Note 5)	810	873
Amounts due from related entities (Note 9)	958	752
Other assets	2,383	2,375
Investments related to fiduciary agreements (Note 4)	18,271	19,769
Property and equipment–net of accumulated depreciation (Note 6)	39,502	38,070
Assets held for endowment (Note 15)	2,475	2,643
Total Assets	\$ 136,954	\$ 134,777
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,443	\$ 2,365
Construction payable	964	-
Deferred matching contribution revenue (Note 2)	65	693
Medical claims payable (Note 11)	1,630	1,500
Amounts due to related entities (Note 9)	967	789
Accrued compensation	7,670	7,846
Line of credit (Note 7)	1,078	-
Deferred lease incentive (Note 8)	605	-
Fiduciary agreements (Note 2)	11,808	12,741
Total liabilities	26,230	25,934
Net assets:		
Unrestricted:		
Undesignated	18,231	16,787
Equity in property and equipment–net	37,670	38,070
Board designated	17,523	17,021
	73,424	71,878
Temporarily restricted (Note 10)	35,224	34,895
Permanently restricted (Note 10)	2,076	2,070
Total net assets	110,724	108,843
Total Liabilities and Net Assets	\$ 136,954	\$ 134,777

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING SUPPORT AND REVENUE:</b>				
Contributions	\$ 29,730	\$ 152,654	\$ 6	\$ 182,390
Service income	2,787	-	-	2,787
Interest and dividend income	1,212	280	-	1,492
Net loss on sale of property and equipment	(39)	-	-	(39)
Other	156	-	-	156
Net assets released from restrictions:				
Satisfaction of program restrictions	150,982	(150,982)	-	-
Expiration of time restrictions	1,175	(1,175)	-	-
<b>Total operating support and revenue</b>	<b>186,003</b>	<b>777</b>	<b>6</b>	<b>186,786</b>
<b>OPERATING EXPENSES:</b>				
Program services:				
Bible translation and related programs	144,877	-	-	144,877
Supporting services:				
General and administrative	23,938	-	-	23,938
Fund-raising	16,284	-	-	16,284
Total supporting services	40,222	-	-	40,222
<b>Total operating expenses</b>	<b>185,099</b>	<b>-</b>	<b>-</b>	<b>185,099</b>
Change in net assets from operating activities	904	777	6	1,687
<b>NON-OPERATING ACTIVITIES:</b>				
Net realized/unrealized gain (loss) on investments	1,390	(239)	-	1,151
Change in value of fiduciary agreements (Note 4)	(748)	(209)	-	(957)
Change in net assets from non-operating activities	642	(448)	-	194
Change in Net Assets	1,546	329	6	1,881
Net Assets, Beginning of Year	71,878	34,895	2,070	108,843
Net Assets, End of Year	\$ 73,424	\$ 35,224	\$ 2,076	\$ 110,724

See notes to consolidated financial statements

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING SUPPORT AND REVENUE:</b>				
Contributions	\$ 26,289	\$ 151,749	\$ 159	\$ 178,197
Service income	2,962	-	-	2,962
Interest and dividend income	1,283	253	-	1,536
Net gain on sale of property and equipment	5	-	-	5
Other	301	-	-	301
Net assets released from restrictions:				
Satisfaction of program restrictions	148,180	(148,180)	-	-
Expiration of time restrictions	99	(99)	-	-
Total operating support and revenue	<u>179,119</u>	<u>3,723</u>	<u>159</u>	<u>183,001</u>
<b>OPERATING EXPENSES:</b>				
Program services:				
Bible translation and related programs	139,134	-	-	139,134
Supporting services:				
General and administrative	24,131	-	-	24,131
Fund-raising	16,417	-	-	16,417
Total supporting services	<u>40,548</u>	<u>-</u>	<u>-</u>	<u>40,548</u>
Total operating expenses	<u>179,682</u>	<u>-</u>	<u>-</u>	<u>179,682</u>
Change in net assets from operating activities	<u>(563)</u>	<u>3,723</u>	<u>159</u>	<u>3,319</u>
<b>NON-OPERATING ACTIVITIES:</b>				
Net realized/unrealized gain on investments	501	40	-	541
Change in value of fiduciary agreements (Note 4)	<u>(366)</u>	<u>(6)</u>	<u>-</u>	<u>(372)</u>
Change in net assets from non-operating activities	<u>135</u>	<u>34</u>	<u>-</u>	<u>169</u>
Change in Net Assets	(428)	3,757	159	3,488
Net Assets, Beginning of Year	<u>72,306</u>	<u>31,138</u>	<u>1,911</u>	<u>105,355</u>
Net Assets, End of Year	<u>\$ 71,878</u>	<u>\$ 34,895</u>	<u>\$ 2,070</u>	<u>\$ 108,843</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,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,881	\$ 3,488
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,423	2,115
Net (gain) loss on disposal of property and equipment	39	(5)
Gifts-in-kind	-	(52)
Net realized/unrealized gain on sale of investments	(1,151)	(541)
Change in value of trust agreements	209	6
Actuarial change in annuities, net of payments	127	658
Contributions restricted for endowment	(6)	(159)
Changes in assets and liabilities:		
Contributions receivable	(440)	120
Bequests receivable	(271)	(750)
Amounts due from related entities	(206)	62
Other assets	(8)	(806)
Accounts payable, accrued expenses, construction payable and medical claims payable	(595)	996
Deferred matching contribution revenue	(628)	147
Amounts due to related entities	178	-
Accrued compensation	(176)	(99)
Amounts due other remaindermen	(32)	227
Net Cash Provided by Operating Activities	1,344	5,407
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(11,348)	(4,330)
Proceeds from sale of investments	9,997	2,800
Payments received on note receivable	63	59
Purchase of property and equipment	(1,453)	(1,239)
Proceeds from sale of property and equipment	9	5
Net Cash Used by Investing Activities	(2,732)	(2,705)

(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,	
	2015	2014
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from new fiduciary agreements	445	461
Investment income from trust agreements	60	512
Payments on fiduciary agreements	(1,742)	(1,600)
Contributions restricted for endowment	6	159
Net Cash Used by Financing Activities	(1,231)	(468)
Net Change in Cash	(2,619)	2,234
Cash, Beginning of Year	11,060	8,826
Cash, End of Year	\$ 8,441	\$ 11,060
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Interest paid on line of credit	\$ 10	\$ -
Purchases of property and equipment with line of credit	\$ 1,078	\$ -
Purchases of property and equipment through accounts payable	\$ 767	\$ -
Purchases of property and equipment through lease incentive	\$ 605	\$ -

See notes to consolidated financial statements



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators, Inc. (Wycliffe USA), a California non-profit corporation, 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 approximately 100 member and partner 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.

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

MPH is a Florida for-profit corporation invested in a limited partnership. MPH has a right to 20% of the profits on sales of land owned by the limited partnership. The purposes of the limited partnership are to take title to property, develop the land in accordance with a master plan, finance such development, and ultimately dispose of the land and improvements.

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

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRINCIPLES OF CONSOLIDATION, continued

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

- Wycliffe Associates, Inc. (WA) is committed to involving people in the advancement of Bible translation worldwide through programs of prayer, financial stewardship, and international volunteer service opportunities.
- Summer Institute of Linguistics, Inc. (SIL) provides training programs for linguists and supports the study of and translation into the less known and unwritten languages in the world. It also promotes literacy development in these languages. JAARS, Inc. (JAARS) provides technical, logistic, and personnel support for field operations. SIL and JAARS are consolidated for financial reporting purposes.
- Wycliffe Global Alliance (WGA) promotes the efforts of the Wycliffe Global Alliance Participating Organizations (approximately 100 member and partner organizations) as they engage the worldwide Church in providing resources for Bible translation and related ministry around the globe.
- RIA Charitable Investments Inc. (RIACII) exists to provide a pooled investment opportunity for Wycliffe Global Alliance associated partner organizations.
- 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 3,300 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, 2015 and 2014

### 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 has cash deposits in excess of federally insured limits; however, Wycliffe USA has not experienced any losses on these accounts and does not believe that it is exposed to any significant credit risk. Wycliffe USA performs ongoing evaluations of the financial institutions to limit its concentration of credit risk exposure. As of September 30, 2015 and 2014, Wycliffe USA, SC, and Wycliffe Foundation had approximately \$3,067,000 and \$4,945,000, 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 and limited partnership interests are recorded at the lower of cost or estimated market value.

RIA Charitable Investment Funds, Inc. (RIACII) operates as an investment pool available to certain Wycliffe Global Alliance member and associated partner organizations. Funds deposited with RIACII 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. RIACII carries two investment pools. The short term portfolio pays interest at a stated rate as determined from time to time by the board of directors (2.25% and 2.75% as of September 30, 2015 and 2014, respectively) to participants in proportion to the amount they have on deposit in the pool. The short term portfolio is carried at the value of actual deposits made plus accrued interest. The long term portfolio does not pay out interest, but allocates all net income or loss to the participants deposit in the pool. The long term pool also invests in equity securities, mutual funds, and exchange traded funds. Interest income recorded in the consolidated statements of activities for 2015 and 2014 was approximately \$1,059,000 and \$1,138,000, respectively. As of September 30, 2015 and 2014, RIACII reported total assets with a fair value of approximately \$88,058,000 and \$75,362,000, respectively, of which Wycliffe USA, SC, and Wycliffe Foundation hold approximately \$52,058,000 (59%) and \$46,897,000 (62%), respectively. Credit risk is the failure of another party to perform in accordance with the contract terms. Wycliffe USA is exposed to credit risk for the amount invested in the pool, which management believes is mitigated because the RIACII investment pool is only available to a small closed-group of affiliated entities with common missional purposes and RIACII has a limited scope of business as a supporting organization to the small closed-group of affiliated organizations.

Realized and unrealized gains and losses are recorded as non-operating gain or loss on the consolidated statements of activities. Investment income is reported as unrestricted unless specifically restricted by donors or by law.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 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, 2015 and 2014, respectively. All amounts recorded as contributions receivable as of September 30, 2015, 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 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
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 2015 and 2014, 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, 2015 and 2014, approximately \$2,000,000 and \$1,400,000 in matching gifts had been raised, 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. The total liabilities under fiduciary agreements were as follows (in thousands):

	September 30,	
	2015	2014
Charitable gift annuity contracts	\$ 6,397	\$ 6,876
Revocable charitable trusts	1,253	1,400
Charitable remainder trusts	2,099	2,374
Amount due to other remaindermen	2,059	2,091
	<u>\$ 11,808</u>	<u>\$ 12,741</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FIDUCIARY AGREEMENTS, continued

Wycliffe USA has a charitable gift annuity program whereby donors may contribute assets to Wycliffe USA for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the discounted liability for future payments, determined on an actuarial basis, is recognized as contribution income at the date of the gift. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service at an assumed rate of return of 6%. The resulting actuarial gain of approximately \$1,015,000 and \$580,000 in 2015 and 2014, 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.

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 \$5,903,000 and \$6,631,000 as of September 30, 2015 and 2014, respectively.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The net assets of Wycliffe USA are classified into net asset categories according to externally (donor or legal) imposed restrictions as follows:

*Unrestricted net assets* include gifts for the general operations of Wycliffe USA, amounts designated by the board for specific use and those resources invested in property and equipment.

*Temporarily restricted net assets* include gifts for which donor-imposed or timing restrictions have not been met, but for which the ultimate purpose of the proceeds is not permanently restricted.

*Permanently restricted net assets* include gifts for which donor-imposed restrictions do not expire by the passage of time or cannot be fulfilled or removed by actions of Wycliffe USA pursuant to those stipulations.

#### REVENUE

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, or when ownership of other assets is transferred to Wycliffe USA. Conditional promises received are not included as revenue until the conditions are substantially met. Bequests are recorded as income at the time Wycliffe USA has an established right to the bequest and the proceeds are measurable. Service income represents amounts received from members and affiliated entities for housing, printing and other related services.

Contribution income to Wycliffe USA is subject to a ten to nineteen percent (10-19%) assessment and 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 at the time 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. Approximately \$52,000 in contributed services were recognized as revenue and included in construction and construction in progress in 2014. In addition, approximately \$135,000 and \$82,000 in contributed services were recognized as revenue and included in general and administrative expense in 2015 and 2014, 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.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 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.

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 \$86,762,000 and \$85,778,000 as of September 30, 2015 and 2014, respectively of which approximately 87% is allocated to program services expense, 5% to fund-raising expense, and 8% to general and administrative expense

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of September 30, 2015, Wycliffe USA had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

#### RECENTLY ADOPTED STANDARDS

Accounting Standards Update (ASU) 2015-07 updates the *Fair Value Measurement* topic of the Financial Accounting Standards Board Accounting Standards Codification. The primary change resulting from ASU 2015-07 is updated disclosure requirements for investments valued at net asset value, which removes the requirement to categorize these investments within the fair value hierarchy. ASU 2015-07 is effective for fiscal years after December 15, 2016, with early adoption permitted. Wycliffe USA has elected to adopt ASU 2015-07 for the fiscal year ended September 30, 2015. The consolidated financial statements and disclosures reflect these updates.

#### RECLASSIFICATIONS

Certain financial statement and footnote information from the prior year consolidated financial statements has been reclassified to conform with current year presentation.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 3. INVESTMENTS:

Wycliffe USA's investments consist of the following (in thousands):

	September 30,	
	2015	2014
Cash and cash equivalents	\$ 899	\$ 400
Investments at fair value:		
Money market mutual funds	1,042	429
Common stock	6,470	6,615
Mutual funds	5,178	5,520
Exchange traded funds	313	298
Long term investment with RIACII	2,902	-
	<u>15,905</u>	<u>12,862</u>
Investments at lower of cost or estimated market value:		
Deposits with RIACII	47,826	45,349
Accrued interest	7	4
Investment in limited partnership *	-	-
Land and buildings	268	2,290
	<u>48,101</u>	<u>47,643</u>
Less: assets held for endowment	<u>(2,475)</u>	<u>(2,643)</u>
	<u>\$ 62,430</u>	<u>\$ 58,262</u>

\* As of September 30, 2015 and 2014, the limited partnership that MPH invested in had a negative overall equity position. Due to MPH's status as a limited partner, the investment in limited partnership was written down to zero to properly reflect the estimated market value of its limited partnership interest.

Investment income consists of the following (in thousands):

	Year Ended September 30,	
	2015	2014
Interest and dividend income	\$ 1,492	\$ 1,536
Net realized/unrealized gain on investments	<u>1,151</u>	<u>541</u>
	<u>\$ 2,643</u>	<u>\$ 2,077</u>



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 4. INVESTMENTS RELATED TO FIDUCIARY AGREEMENTS:

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

	September 30,	
	2015	2014
Cash and cash equivalents	\$ 783	\$ 379
Investments at fair value:		
Money market mutual funds	603	495
Common stock	4,764	5,407
Mutual funds	4,751	5,496
Corporate bonds	927	1,469
U.S. Government agency bonds	1,946	2,057
Exchange traded funds	3,000	2,912
Exchange traded notes	168	-
	<u>16,159</u>	<u>17,836</u>
Investments at cost:		
Accrued interest	-	6
Deposits with RIACII	1,329	1,548
	<u>1,329</u>	<u>1,554</u>
	<u>\$ 18,271</u>	<u>\$ 19,769</u>

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

	Year Ended September 30,	
	2015	2014
Interest and dividend income	\$ 486	\$ 465
Net realized/unrealized gain (loss) on investments	(161)	1,385
Investment fees	(120)	(95)
Actuarial change	580	(527)
Payments and distributions	(1,742)	(1,600)
	<u>\$ (957)</u>	<u>\$ (372)</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

5. NOTE 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 \$810,000 and \$873,000 as of September 30, 2015 and 2014, respectively.

6. PROPERTY AND EQUIPMENT :

Property and equipment consist of the following (in thousands):

	September 30,	
	2015	2014
Land and land improvements	\$ 4,707	\$ 4,707
Buildings	49,236	47,576
Equipment	8,785	7,717
Furniture and fixtures	4,712	4,464
	<u>67,440</u>	<u>64,464</u>
Less accumulated depreciation	<u>(28,024)</u>	<u>(26,416)</u>
	39,416	38,048
Construction in progress	86	22
	<u>\$ 39,502</u>	<u>\$ 38,070</u>

7. LINE OF CREDIT:

SC entered into a \$3,000,000 straight line of credit agreement, secured by equipment, beginning April 1, 2015 and expiring April 15, 2016 to finance building renovations for the new office building. Interest only payments are 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. The bank holding the line of credit has expressed its willingness to roll the outstanding principal balance as of April 15, 2016, into a four year loan for SC. As of September 30, 2015, SC had drawn down approximately \$1,078,000 on the line of credit. Subsequent to year-end, an additional \$826,000 was drawn on the line of credit.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

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 \$499,000 and \$461,000 for the years ended September 30, 2015 and 2014, respectively. Minimum future rentals as of September 30, 2015, are as follows (in thousands):

<u>Year ending September 30,</u>	
2016	\$ 383
2017	387
2018	393
2019	427
2020	433
Thereafter	<u>2,803</u>
	<u>\$ 4,826</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

9. TRANSACTIONS WITH RELATED ENTITIES:

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

	September 30,	
	2015	2014
Cash:		
SIL	\$ 3,067	\$ 4,945
Investments:		
SIL	823	394
RIACII	47,826	45,349
	<u>48,649</u>	<u>45,743</u>
Investments related to fiduciary agreements:		
SIL	66	-
RIACII	1,329	1,548
	<u>1,395</u>	<u>1,548</u>
Amounts due from related entities:		
Receivables from members	413	722
SIL and its affiliates	545	30
	<u>958</u>	<u>752</u>
	<u>\$ 54,069</u>	<u>\$ 52,988</u>

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

	September 30,	
	2015	2014
Payables to members	\$ 374	\$ 491
SIL and its affiliates	593	298
	<u>\$ 967</u>	<u>\$ 789</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

9. TRANSACTIONS WITH RELATED ENTITIES, continued:

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

	Year Ended September 30,	
	2015	2014
SIL and its affiliates	\$ 179	\$ 88
Other U.S. affiliates	2,813	2,386
	<u>\$ 2,992</u>	<u>\$ 2,474</u>

Of the total amounts received from affiliates, approximately \$914,000 and \$766,000 for the years ended 2015 and 2014, respectively, are contributed services related to members assigned to Wycliffe USA and SC from affiliated entities.

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

	Year Ended September 30,	
	2015	2014
SIL and its affiliates	\$ 77,180	\$ 81,554
Other U.S. affiliates	7,290	7,527
	<u>\$ 84,470</u>	<u>\$ 89,081</u>

Of the total amounts provided to affiliates, approximately \$56,783,000 and \$60,730,000, for the years ended 2015 and 2014, respectively, are non-cash donations related to members assigned to affiliated entities.

Wycliffe USA and WA entered into a 99-year lease with a 90-day rescindment clause. Under this lease, WA rents office and warehouse space from Wycliffe USA at a monthly cost of \$1 per square foot. As a result of this agreement, Wycliffe USA has recorded the fair rental value of approximately \$652,000 and \$611,000 in non-cash rental income and program services for donated rent contributed to WA for the years ended September 30, 2015 and 2014, respectively.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

10. NET ASSETS:

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

	September 30,	
	2015	2014
SC:		
Purpose restricted:		
Language projects and translations	\$ 18,159	\$ 18,326
Time restricted:		
Contributions receivable	440	-
	<u>18,599</u>	<u>18,326</u>
Wycliffe USA:		
Purpose restricted:		
Projects	7,289	7,039
Time restricted:		
Irrevocable trusts	1,551	1,760
Other donor agreements	6,541	6,797
Bequests receivable	1,244	973
	<u>16,625</u>	<u>16,569</u>
	<u>\$ 35,224</u>	<u>\$ 34,895</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,	
	2015	2014
Supplemental income funds	\$ 473	\$ 473
Supplemental retirement funds	590	590
Scholarship funds	1,013	1,007
	<u>\$ 2,076</u>	<u>\$ 2,070</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

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.

12. EMPLOYEE RETIREMENT PLAN:

Wycliffe USA provides non-member employees the opportunity to participate in a 403(b) retirement plan that includes matching contributions. Eligible employees are those who have completed 3 months of service and work 20 or more hours per week. Eligible employees can designate a portion of their salary to fund their retirement account and Wycliffe USA matches those contributions dollar for dollar up to 2.5% of compensation. For the years ended September 30, 2015 and 2014, contributions by Wycliffe USA were approximately \$137,000 and \$132,000, respectively.

SC has established a 403(b) retirement plan. SC matches employee contributions at 100% up to 2% of annual salary and contributes another 3% of salary beyond the match. Employees are eligible for the plan after completely satisfying the earnings requirement and service requirements. Employees are vested gradually over a two year period. For the years ended September 30, 2015 and 2014, SC contributed approximately \$301,000 and \$231,000, respectively, to this plan.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS:

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

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

	September 30, 2015		September 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets:</b>				
Cash	\$ 8,441	\$ 8,441	\$ 11,060	\$ 11,060
Investments	\$ 62,430	\$ 62,430	\$ 58,262	\$ 58,262
Notes receivable	\$ 810	\$ 810	\$ 873	\$ 873
Investments related to fiduciary agreements	\$ 18,271	\$ 18,271	\$ 19,769	\$ 19,769
Assets held for endowment	\$ 2,475	\$ 2,475	\$ 2,643	\$ 2,643
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,443	\$ 1,443	\$ 2,365	\$ 2,365
Line of credit	\$ 1,078	\$ 1,078	\$ -	\$ -
Deferred lease incentive	\$ 605	\$ 605	\$ -	\$ -
Fiduciary agreements	\$ 11,808	\$ 11,808	\$ 12,741	\$ 12,741



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND 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:

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

*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's estimated fair market value at an estimated selling cost.

*Long term investment with RIACII*: 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's 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.

*Deferred lease incentive*: Fair value approximates carrying value.

*Fiduciary agreements*: The carrying amounts approximate fair value and are based on the present value of future cash flows to annuitants, income beneficiaries, and other remaindermen, respectively, using published mortality rate tables adopted by the IRS at an assumed rate of return of 1 - 6%.

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

*Changes in methods and assumptions*: None.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

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

	September 30, 2015			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ 1,042	\$ -	\$ -	\$ 1,042
Common stock:				
Technology	977	-	-	977
Industrials	284	-	33	317
Healthcare	681	-	-	681
Financial services	285	-	-	285
Consumer	1,095	-	-	1,095
Energy and utilities	16	-	-	16
Basic materials	153	-	-	153
Foreign	2,945	-	-	2,945
Other	1	-	-	1
	6,437	-	33	6,470
Mutual funds:				
Bond funds	166	-	-	166
Large cap funds	3,846	-	-	3,846
Mid cap funds	770	-	-	770
Foreign funds	396	-	-	396
	5,178	-	-	5,178
Exchange traded funds	313	-	-	313
Long term investment with RIACII*				2,902
	\$ 12,970	\$ -	\$ 33	\$ 15,905

\*Long term investment with RIACII 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, 2015 and 2014

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2015			Total
	Level 1	Level 2	Level 3	
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 603	\$ -	\$ -	\$ 603
Corporate bonds	-	927	-	927
U.S. government agency bonds	1,946	-	-	1,946
Exchange traded funds	3,000	-	-	3,000
Exchange traded notes	168	-	-	168
	<u>5,717</u>	<u>927</u>	<u>-</u>	<u>6,644</u>
Common stock:				
Technology	1,029	-	-	1,029
Industrials and materials	404	-	-	404
Healthcare	645	-	-	645
Financial services	528	-	-	528
Consumer	792	-	-	792
Energy and utilities	158	-	-	158
Foreign	1,208	-	-	1,208
	<u>4,764</u>	<u>-</u>	<u>-</u>	<u>4,764</u>
Mutual funds:				
Bond funds	317	-	-	317
Large cap funds	2,387	-	-	2,387
Mid cap funds	1,453	-	-	1,453
Small cap funds	437	-	-	437
Foreign funds	157	-	-	157
	<u>4,751</u>	<u>-</u>	<u>-</u>	<u>4,751</u>
	<u>\$ 15,232</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 16,159</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2014			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ 429	\$ -	\$ -	\$ 429
Common stock:				
Technology	648	-	-	648
Industrials	70	-	4	74
Healthcare	737	-	-	737
Financial services	487	-	-	487
Consumer defensive	1,617	-	-	1,617
Basic materials	418	-	-	418
Foreign	2,633	-	-	2,633
Other	1	-	-	1
	6,611	-	4	6,615
Mutual funds:				
Bond funds	1,445	-	-	1,445
Large cap funds	3,158	-	-	3,158
Mid cap funds	611	-	-	611
Foreign funds	306	-	-	306
	5,520	-	-	5,520
Exchange traded funds	298	-	-	298
	\$ 12,858	\$ -	\$ 4	\$ 12,862

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS, continued:

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 495	\$ -	\$ -	\$ 495
Corporate bonds	-	1,469	-	1,469
U.S. government agency bonds	2,057	-	-	2,057
Exchange traded funds	2,912	-	-	2,912
	<u>5,464</u>	<u>1,469</u>	<u>-</u>	<u>6,933</u>
Common stock:				
Technology	1,156	-	-	1,156
Industrials and materials	525	-	-	525
Healthcare	635	-	-	635
Financial services	651	-	-	651
Consumer	931	-	-	931
Energy and utilities	332	-	-	332
Foreign	1,177	-	-	1,177
	<u>5,407</u>	<u>-</u>	<u>-</u>	<u>5,407</u>
Mutual funds:				
Large cap funds	3,140	-	-	3,140
Mid cap funds	1,379	-	-	1,379
Small cap funds	709	-	-	709
Foreign funds	268	-	-	268
	<u>5,496</u>	<u>-</u>	<u>-</u>	<u>5,496</u>
	<u>\$ 16,367</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 17,836</u>

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

	September 30,	
	2015	2014
Balance, beginning of year	\$ 4	\$ 58
Total unrealized gain (loss) included in changes in net assets	<u>29</u>	<u>(54)</u>
Balance, end of year	<u>\$ 33</u>	<u>\$ 4</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 13. DISCLOSURE OF FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE

#### MEASUREMENTS, continued:

Wycliffe USA uses 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 financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Wycliffe USA's long term investment with RIACII calculates NAV per share (or its equivalent) and uses an investment strategy that includes long and short term strategies. This fund has no lockup restrictions and is normally redeemable upon notice. There are no unfunded commitments and no redemption restrictions in place at year end. Wycliffe USA's investment in this fund was approximately \$2,902,000 and \$0 as of September 30, 2015 and 2014, respectively.

### 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, 2015 and 2014, SC had approximately \$2,573,000 and \$1,912,000, respectively, remaining to be disbursed under these sponsorship agreements.

#### *Purchase commitment:*

In recognition of the value and efficiencies technology brings in advancing its global missional objectives, Wycliffe USA has entered into a contractual agreement to invest in its technological infrastructure and leverage the benefits of an integrated software platform. As such, Wycliffe USA is in its second year of a three-year purchase agreement totaling approximately \$1,400,000. The agreement requires annual payments of approximately \$479,000 each July. The total contractual commitment yet to be paid is approximately \$479,000 as of September 30, 2015.

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

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, 2015 and 2014

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2014	\$ -	\$ 573	\$ 2,070	\$ 2,643
Investment return:				
Interest and dividend income	-	102	-	102
Realized and unrealized losses	-	(65)	-	(65)
Investment fees	-	(18)	-	(18)
Total investment return	-	19	-	19
Contributions	-	-	6	6
Appropriation of endowment assets for expenditure	-	(193)	-	(193)
Endowment net assets, September 30, 2015	\$ -	\$ 399	\$ 2,076	\$ 2,475



# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

15. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2014 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2013	\$ -	\$ 533	\$ 1,911	\$ 2,444
Investment return:				
Interest and dividend income	-	98	-	98
Realized and unrealized gains	-	152	-	152
Investment fees	-	(15)	-	(15)
Total investment return	-	235	-	235
Contributions	-	-	159	159
Appropriation of endowment assets for expenditure	-	(195)	-	(195)
Endowment net assets, September 30, 2014	<u>\$ -</u>	<u>\$ 573</u>	<u>\$ 2,070</u>	<u>\$ 2,643</u>

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

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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	<u>\$ 2,076</u>	<u>\$ 2,070</u>
Temporarily restricted net assets:		
Term endowment funds	\$ 386	\$ 547
The portion of perpetual endowment funds subject to a purpose restriction either by explicit donor stipulations or by UPMIFA	<u>13</u>	<u>26</u>
	<u>\$ 399</u>	<u>\$ 573</u>

# WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

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, 2015 and 2014.

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

**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, 2015 and 2014, and our report thereon dated February 5, 2016, 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*

Atlanta, Georgia  
February 5, 2016

**WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES**

**Consolidating Statement of Financial Position**

(in thousands of dollars)

September 30, 2015

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>ASSETS:</b>						
Cash	\$ 1,937	\$ 73	\$ 6,428	\$ 3	\$ -	\$ 8,441
Investments	34,661	1,382	20,247	-	6,140	62,430
Contributions receivable-net	-	-	440	-	-	440
Bequests receivable	1,244	-	-	-	-	1,244
Note receivable	810	-	-	-	-	810
Amounts due from related entities	700	-	332	-	(74)	958
Other assets	1,808	2	573	-	-	2,383
Investments related to fiduciary agreements	-	-	-	-	18,271	18,271
Property and equipment-net of accumulated depreciation	36,729	9	2,764	-	-	39,502
Beneficial interest in agreements managed by WF	14,602	-	479	-	(15,081)	-
Assets held for others	-	26,889	-	-	(26,889)	-
Assets held for endowment	-	-	-	-	2,475	2,475
<b>Total Assets</b>	<b>\$ 92,491</b>	<b>\$ 28,355</b>	<b>\$ 31,263</b>	<b>\$ 3</b>	<b>\$ (15,158)</b>	<b>\$ 136,954</b>
<b>LIABILITIES AND NET ASSETS:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 373	\$ -	\$ 1,070	\$ -	\$ -	\$ 1,443
Construction payable	-	-	964	-	-	964
Deferred matching contribution revenue	-	-	65	-	-	65
Medical claims payable	1,630	-	-	-	-	1,630
Amounts due to related entities	647	74	320	-	(74)	967
Accrued compensation	7,670	-	-	-	-	7,670
Line of credit	-	-	1,078	-	-	1,078
Deferred lease incentive	-	-	605	-	-	605
Funds held for others	-	26,889	-	-	(26,889)	-
Fiduciary agreements	-	-	-	-	11,808	11,808
<b>Total liabilities</b>	<b>10,320</b>	<b>26,963</b>	<b>4,102</b>	<b>-</b>	<b>(15,155)</b>	<b>26,230</b>
<b>Net Assets:</b>						
<b>Unrestricted:</b>						
Undesignated	15,830	1,383	1,018	3	(3)	18,231
Equity in property and equipment-net	36,729	9	932	-	-	37,670
Board designated	10,911	-	6,133	-	479	17,523
	<u>63,470</u>	<u>1,392</u>	<u>8,083</u>	<u>3</u>	<u>476</u>	<u>73,424</u>
Temporarily restricted	16,625	-	19,078	-	(479)	35,224
Permanently restricted	2,076	-	-	-	-	2,076
<b>Total net assets</b>	<b>82,171</b>	<b>1,392</b>	<b>27,161</b>	<b>3</b>	<b>(3)</b>	<b>110,724</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 92,491</b>	<b>\$ 28,355</b>	<b>\$ 31,263</b>	<b>\$ 3</b>	<b>\$ (15,158)</b>	<b>\$ 136,954</b>

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2014

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>ASSETS:</b>						
Cash	\$ 3,887	\$ 6	\$ 7,164	\$ 3	\$ -	\$ 11,060
Investments	31,146	1,054	19,885	-	6,177	58,262
Bequests receivable	973	-	-	-	-	973
Note receivable	873	-	-	-	-	873
Amounts due from related entities	588	81	245	-	(162)	752
Other assets	2,009	2	364	-	-	2,375
Investments related to fiduciary agreements	-	-	-	-	19,769	19,769
Property and equipment—net of accumulated depreciation	37,567	9	494	-	-	38,070
Beneficial interest in agreements managed by WF	15,364	-	520	-	(15,884)	-
Assets held for others	-	28,625	-	-	(28,625)	-
Assets held for endowment	-	-	-	-	2,643	2,643
<b>Total Assets</b>	<b>\$ 92,407</b>	<b>\$ 29,777</b>	<b>\$ 28,672</b>	<b>\$ 3</b>	<b>\$ (16,082)</b>	<b>\$ 134,777</b>
<b>LIABILITIES AND NET ASSETS:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 1,568	\$ -	\$ 797	\$ -	\$ -	\$ 2,365
Deferred matching contribution revenue	-	-	693	-	-	693
Medical claims payable	1,500	-	-	-	-	1,500
Amounts due to related entities	604	81	299	-	(195)	789
Accrued compensation	7,846	-	-	-	-	7,846
Funds held for others	-	28,625	-	-	(28,625)	-
Fiduciary agreements	-	-	-	-	12,741	12,741
<b>Total liabilities</b>	<b>11,518</b>	<b>28,706</b>	<b>1,789</b>	<b>-</b>	<b>(16,079)</b>	<b>25,934</b>
<b>Net assets:</b>						
<b>Unrestricted:</b>						
Undesignated	13,661	1,062	2,064	3	(3)	16,787
Equity in property and equipment—net	37,567	9	494	-	-	38,070
Board designated	11,022	-	5,479	-	520	17,021
	62,250	1,071	8,037	3	517	71,878
Temporarily restricted	16,569	-	18,846	-	(520)	34,895
Permanently restricted	2,070	-	-	-	-	2,070
<b>Total net assets</b>	<b>80,889</b>	<b>1,071</b>	<b>26,883</b>	<b>3</b>	<b>(3)</b>	<b>108,843</b>
<b>Total Liabilities and Net assets</b>	<b>\$ 92,407</b>	<b>\$ 29,777</b>	<b>\$ 28,672</b>	<b>\$ 3</b>	<b>\$ (16,082)</b>	<b>\$ 134,777</b>

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2015

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>OPERATING SUPPORT AND REVENUE:</b>						
Contributions	\$ 152,216	\$ 7,483	\$ 36,344	\$ -	\$ (13,653)	\$ 182,390
Service income	2,600	33	154	-	-	2,787
Interest and dividend income	1,020	11	461	-	-	1,492
Net gain (loss) on sale of property and equipment	9	-	(48)	-	-	(39)
Other	53	-	104	-	(1)	156
Total operating support and revenue	155,898	7,527	37,015	-	(13,654)	186,786
<b>OPERATING EXPENSES:</b>						
Program services:						
Bible translation and related programs	124,631	6,348	27,337	-	(13,439)	144,877
Supporting services:						
General and administrative	20,084	192	3,770	-	(108)	23,938
Fund-raising	10,185	672	5,534	-	(107)	16,284
Total supporting services	30,269	864	9,304	-	(215)	40,222
Total operating expenses	154,900	7,212	36,641	-	(13,654)	185,099
Change in net assets from operating activities	998	315	374	-	-	1,687
<b>NON-OPERATING ACTIVITIES:</b>						
Net realized/unrealized gain (loss) on investments	1,241	6	(96)	-	-	1,151
Change in value of fiduciary agreements	(957)	-	-	-	-	(957)
Change in net assets from non-operating activities	284	6	(96)	-	-	194
Change in Net Assets	1,282	321	278	-	-	1,881
Net Assets, Beginning of Year	80,889	1,071	26,883	3	(3)	108,843
Net Assets, End of Year	\$ 82,171	\$ 1,392	\$ 27,161	\$ 3	\$ (3)	\$ 110,724

## WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

### Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2014

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Moss Park Holdings	Reclassifications/ Eliminations	Total
<b>OPERATING SUPPORT AND REVENUE:</b>						
Contributions	\$ 151,291	\$ 5,519	\$ 32,837	\$ -	\$ (11,450)	\$ 178,197
Service income	2,631	15	316	-	-	2,962
Interest and dividend income	991	6	539	-	-	1,536
Net gain on sale of property and equipment	5	-	-	-	-	5
Other	206	-	95	-	-	301
Total operating support and revenue	<u>155,124</u>	<u>5,540</u>	<u>33,787</u>	<u>-</u>	<u>(11,450)</u>	<u>183,001</u>
<b>OPERATING EXPENSES:</b>						
Program services:						
Bible translation and related programs	<u>122,007</u>	<u>4,959</u>	<u>23,431</u>	<u>-</u>	<u>(11,263)</u>	<u>139,134</u>
Supporting services:						
General and administrative	20,805	185	3,251	1	(111)	24,131
Fund-raising	10,775	610	5,109	-	(77)	16,417
Total supporting services	<u>31,580</u>	<u>795</u>	<u>8,360</u>	<u>1</u>	<u>(188)</u>	<u>40,548</u>
Total operating expenses	<u>153,587</u>	<u>5,754</u>	<u>31,791</u>	<u>1</u>	<u>(11,451)</u>	<u>179,682</u>
Change in net assets from operating activities	<u>1,537</u>	<u>(214)</u>	<u>1,996</u>	<u>(1)</u>	<u>1</u>	<u>3,319</u>
<b>NON-OPERATING ACTIVITIES:</b>						
Net realized/unrealized gain (loss) on investments	513	77	(49)	-	-	541
Change in value of fiduciary agreements	<u>(372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372)</u>
Change in net assets from non-operating activities	<u>141</u>	<u>77</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>169</u>
Change in Net Assets	1,678	(137)	1,947	(1)	1	3,488
Net Assets, Beginning of Year	<u>79,211</u>	<u>1,208</u>	<u>24,936</u>	<u>4</u>	<u>(4)</u>	<u>105,355</u>
Net Assets, End of Year	<u>\$ 80,889</u>	<u>\$ 1,071</u>	<u>\$ 26,883</u>	<u>\$ 3</u>	<u>\$ (3)</u>	<u>\$ 108,843</u>