



WYCLIFFE BIBLE TRANSLATORS, INC.
AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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. and Affiliates has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2. This has had a material effect on the presentation of the September 30, 2020 consolidated financial statements. Our opinion is not modified in respect to this matter.

Capin Crouse LLP

Columbia, South Carolina
February 11, 2021

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statements of Financial Position

(in thousands of dollars)

	September 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 37,926	\$ 19,159
Amounts due from related entities (Note 8)	154	191
Other assets	3,638	4,855
Grants receivable	5,025	-
Bequests receivable	97	606
Investments (Note 4)	72,738	69,243
Investments related to fiduciary agreements (Note 5)	24,259	24,267
Property and equipment—net of accumulated depreciation (Note 6)	32,634	35,881
Investment in SC subsidiary	1,197	1,197
	<u>177,668</u>	<u>155,399</u>
Total Assets	\$ 177,668	\$ 155,399
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,999	\$ 2,331
Medical claims payable (Note 12)	1,192	1,221
Amounts due to related entities (Note 8)	105	222
Accrued compensation	8,175	8,086
Paycheck Protection Program loan	2,271	-
Deferred lease incentive (Note 7)	454	484
Fiduciary agreements (Note 2)	9,994	10,772
	<u>24,190</u>	<u>23,116</u>
Net assets:		
Without donor restrictions (Note 9)	99,775	89,625
With donor restrictions (Note 10)	53,703	42,658
	<u>153,478</u>	<u>132,283</u>
Total Liabilities and Net Assets	\$ 177,668	\$ 155,399

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidated Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE:			
Contributions	\$ 30,599	\$ 193,621	\$ 224,220
Service income	2,472	-	2,472
Interest and dividend income	824	241	1,065
Other income	134	-	134
Net loss on sale of property and equipment	(151)	-	(151)
Net assets released from restrictions:			
Field support adjustments	13,794	(13,794)	-
Administrative assessments (10-19% administration and fund-raising)	27,169	(27,169)	-
Satisfaction of program restrictions	141,570	(141,570)	-
Expiration of time restrictions	1,286	(1,286)	-
Total Operating Support and Revenue	217,697	10,043	227,740
OPERATING EXPENSES:			
Program services:			
Bible translation and related programs	176,738	-	176,738
Supporting services:			
General and administrative	19,493	-	19,493
Fund-raising	16,947	-	16,947
Total supporting services	36,440	-	36,440
Total Operating Expenses	213,178	-	213,178
Change in net assets from operating activities	4,519	10,043	14,562
NONOPERATING ACTIVITIES:			
Net realized/unrealized gain on investments	5,170	1,062	6,232
Change in value of fiduciary agreements (Note 5)	461	(60)	401
Change in net assets from nonoperating activities	5,631	1,002	6,633
Change in Net Assets	10,150	11,045	21,195
Net Assets, Beginning of Year	89,625	42,658	132,283
Net Assets, End of Year	\$ 99,775	\$ 53,703	\$ 153,478

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 gain 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 Statements of Cash Flows

(in thousands of dollars)

	Year Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 21,195	\$ (3,345)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,054	4,793
Net loss on disposal of property and equipment	151	3
Net realized/unrealized gain on sale of investments	(6,232)	(1,852)
Change in value of fiduciary agreements	(401)	897
Contributions restricted for endowment	(300)	(20)
Changes in assets and liabilities:		
Grants receivable	(5,025)	-
Bequests receivable	509	(258)
Amounts due from related entities	36	(174)
Other assets	1,217	(907)
Accounts payable, accrued expenses, and medical claims payable	(361)	(131)
Amounts due to related entities	(117)	(233)
Accrued compensation	89	244
Deferred lease incentive	(30)	(30)
Net Cash Provided (Used) by Operating Activities	14,785	(1,013)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(7,595)	(6,567)
Purchase of intangible assets under development	-	(917)
Proceeds from sale of investments	10,890	11,587
Purchase of property and equipment	(986)	(1,681)
Proceeds from sale of property and equipment	23	3
Proceeds from sale of property and equipment held for sale	5	-
Net Cash Provided by Investing Activities	2,337	2,425

(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,	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new fiduciary agreements	249	1,026
Payments on fiduciary agreements	(1,175)	(2,036)
Contributions restricted for endowment	300	20
Proceeds from Paycheck Protection Program loan	2,271	-
Net Cash Provided (Used) by Financing Activities	<u>1,645</u>	<u>(990)</u>
Net Change in Cash and Cash Equivalents	18,767	422
Cash and Cash Equivalents, Beginning of Year	<u>19,159</u>	<u>18,737</u>
Cash and Cash Equivalents, End of Year	<u>\$ 37,926</u>	<u>\$ 19,159</u>

See notes to consolidated financial statements

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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, 2020 and 2019

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

As a membership based organization, the work of Wycliffe USA is primarily carried out by over 3,200 members and volunteers 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, 2020 and 2019

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, 2020 and 2019, Wycliffe USA and affiliates had cash balances exceeding federally insured limits by approximately \$37,300,000 and \$16,500,000, respectively. As of September 30, 2020 and 2019, Wycliffe USA and affiliates had approximately \$12,176,000 and \$7,943,000, 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, 2020 and 2019, 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 2020 and 2019, was approximately \$684,000 and \$923,000, 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, 2020 and 2019, RIACII reported total assets with a fair value of approximately \$87,918,000 and \$95,763,000, respectively, of which Wycliffe USA and affiliates hold approximately \$40,069,000 (46%) and \$51,683,000 (54%), respectively.

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, 2020 and 2019, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

BEQUESTS RECEIVABLE

Bequests receivable, that have been approved by the probate court and are measurable, are recorded at net realizable value. In most cases, proceeds are expected to be received within one year.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for property and equipment in excess of the minimum threshold amount of \$5,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets as follows:

Buildings	10 to 40 years
Equipment	3 to 10 years
Software	2 to 5 years
Furniture and fixtures	7 to 10 years

DEFERRED MATCHING CONTRIBUTION REVENUE

Deferred revenue consists of funds received by SC with donor stipulations that matching contributions be raised in order to retain the gift. Contribution revenue is recognized as matching funds are raised. During both 2020 and 2019, SC received approximately \$1,200,000 in matching funds for certain translation projects that must be raised within a three year period. For the years ended September 30, 2020 and 2019, a deferred matching contribution revenue liability was accrued for approximately \$587,000 and \$58,000, 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, 2020 and 2019

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 gain (loss) of approximately \$401,000 and (\$897,000) in 2020 and 2019, 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 \$14,157,000 and \$14,368,000 as of September 30, 2020 and 2019, respectively.

As trustee, Wycliffe USA administers revocable trusts that provide a beneficial interest to Wycliffe USA and other beneficiaries at the grantor's death. Net investment income from trust assets is paid to the grantor or designated beneficiaries. Because the trusts are revocable at the discretion of the grantor, the principal amounts are recorded as liabilities. Upon the death of the donor, the trust assets become the property of Wycliffe USA and are recognized as donations at that time. Any portion of a trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

Wycliffe USA also administers irrevocable charitable remainder trusts. The trusts provide the payment of lifetime distributions to the donor or other designated beneficiaries. The present value of the estimated future payments is calculated using the current IRS Section 7520 interest rate and applicable mortality tables. At the death of the beneficiaries, the remaining assets are available for use by Wycliffe USA. The present value of the remainder interest of Wycliffe USA is reported as temporarily restricted contributions in the period received and as temporarily restricted net assets until a reclassification to unrestricted net assets is made, upon maturity of the trust. Investments related to trust agreements totaled approximately \$5,325,000 and \$5,453,000 as of September 30, 2020 and 2019, respectively.

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

	September 30,	
	2020	2019
Charitable gift annuity contracts	\$ 5,090	\$ 5,509
Revocable charitable trusts	795	962
Charitable remainder trusts	1,803	1,726
Amount due to other remaindermen	2,306	2,575
	<u>\$ 9,994</u>	<u>\$ 10,772</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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 \$215,000 and \$338,000 in contributed services were recognized as revenue and included in general and administrative expense in 2020 and 2019, 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, 2020 and 2019

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 \$85,349,000 and \$85,903,000 as of September 30, 2020 and 2019, respectively, of which approximately 88% is allocated to program services expense, 5% to fund-raising expense, and 7% to general and administrative expense.

RECENTLY ISSUE ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issue Accounting Standards Update (ASU) No. 2018-08, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)-Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Wycliffe USA adopted the provisions of this new standard as a resource recipient in the current year and will adopt it as a resource provider in fiscal year 2021. Adoption of this standard as a recipient resulted in Wycliffe USA and affiliates recording approximately \$5,025,000 of grants receivable as of September 30, 2020.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

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 a significant missionary workforce and funding and sustaining over 1,000 Bible translation projects through global partners.

The following reflects (in thousands) Wycliffe USA and affiliates financial assets, 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.

	September 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 37,926	\$ 19,159
Grants and other receivables	5,277	797
Investments	72,738	69,243
Investments related to fiduciary agreements	24,259	24,267
Investment in SC subsidiary	1,197	1,197
Financial assets, end of year	<u>141,397</u>	<u>114,663</u>
Less those unavailable for general expenditures within one year, due to:		
Fiduciary agreements	(24,259)	(24,267)
Investment in SC subsidiary	(1,197)	(1,197)
Funds for capital expenditures	(3,809)	(3,676)
Designated donor-advised funds	(1,630)	(1,634)
Donor restricted funds, not expected to be spent in the next fiscal year	(2,116)	-
Corporate-designated and board-designated reserves	(27,636)	(28,109)
Unavailable for general expenditures within one year	<u>(60,647)</u>	<u>(58,883)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 80,750</u>	<u>\$ 55,780</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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 is as follows (in thousands):

	September 30,	
	2020	2019
Language translation projects	\$ 38,855	\$ 29,053
Satisfaction of short-term liabilities	9,950	9,846
General and administrative expenses	31,945	16,881
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 80,750</u>	<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 other core missional program activities such as member ministry programs and language translation projects.

Overall, total financial assets available to meet cash needs for general expenditures within one year of approximately \$80,750,000 represents approximately five months of operating expenses as reported in the consolidated statements of activities. Due to the uncertainty caused by the COVID-19 pandemic, Wycliffe USA and affiliates took a conservative approach to spending in FY20 resulting in an increase in financial assets available to meet cash needs for general expenditures within one year. As stability and certainty return over time, Wycliffe USA and affiliates anticipate a liquidity level commensurate with normal program activities.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

4. INVESTMENTS:

Investments consist of the following (in thousands):

	September 30,	
	2020	2019
Cash and cash equivalents	\$ 8,266	\$ 440
Investments at fair value:		
Money market mutual funds	523	456
Common stock	17,007	11,713
Mutual funds	7,077	5,312
Corporate bonds	15	15
U.S. government agency bonds	56	55
Exchange traded funds	328	255
Interest in RIACII long-term investment portfolio	7,885	11,314
	<u>32,891</u>	<u>29,120</u>
Investments at cost:		
Deposits in the RIACII short-term portfolio	31,330	39,429
Accrued interest	9	12
Land and buildings	242	242
	<u>31,581</u>	<u>39,683</u>
	<u>\$ 72,738</u>	<u>\$ 69,243</u>

Investment income consists of the following (in thousands):

	Year Ended September 30,	
	2020	2019
Interest and dividend income	\$ 1,174	\$ 1,604
Investment fees expense	(109)	(139)
Net realized/unrealized gain on investments	6,232	1,852
	<u>\$ 7,297</u>	<u>\$ 3,317</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,	
	2020	2019
Cash and cash equivalents	\$ 863	\$ 724
Investments at fair value:		
Money market mutual funds	545	865
Common stock	6,829	6,326
Mutual funds	12,527	12,286
Corporate bonds	1,103	897
U.S. government agency bonds	1,542	1,696
Exchange traded notes	-	533
	<u>22,546</u>	<u>22,603</u>
Investments at cost:		
Deposits in the RIACII short-term portfolio	850	940
	<u>\$ 24,259</u>	<u>\$ 24,267</u>

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

	Year Ended September 30,	
	2020	2019
Interest and dividend income	\$ 511	\$ 488
Net realized/unrealized gain on investments	604	619
Investment fees	(91)	(108)
Actuarial change	552	140
Payments and distributions	<u>(1,175)</u>	<u>(2,036)</u>
	<u>\$ 401</u>	<u>\$ (897)</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

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6. PROPERTY AND EQUIPMENT—NET:

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

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 4,818	\$ 4,818
Buildings	49,445	49,445
Equipment	5,475	7,430
Software	8,093	8,060
Furniture and fixtures	4,877	4,925
	<u>72,708</u>	<u>74,678</u>
Less accumulated depreciation	<u>(41,158)</u>	<u>(39,675)</u>
	31,550	35,003
Construction in progress	<u>1,084</u>	<u>878</u>
	<u>\$ 32,634</u>	<u>\$ 35,881</u>

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 \$482,000 and \$468,000 for the years ended September 30, 2020 and 2019, respectively. Minimum future rentals are as follows (in thousands):

<u>Year Ending September 30,</u>	<u>Amounts</u>
2021	\$ 488
2022	489
2023	498
2024	509
2025	519
Thereafter	<u>349</u>
	<u>\$ 2,852</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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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,	
	2020	2019
Cash:		
SIL	\$ 12,176	\$ 7,943
Investments:		
SIL	217	168
RIACII	39,215	50,743
	<u>39,432</u>	<u>50,911</u>
Investments related to fiduciary agreements:		
SIL	217	158
RIACII	850	940
	<u>1,067</u>	<u>1,098</u>
Amounts due from related entities:		
Receivables from members	16	13
SIL and its affiliates	138	178
	<u>154</u>	<u>191</u>
	<u>\$ 52,829</u>	<u>\$ 60,143</u>

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

	September 30,	
	2020	2019
Payables to members	\$ 2	\$ 24
SIL and Wycliffe Organizations and their affiliates	103	198
	<u>\$ 105</u>	<u>\$ 222</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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,	
	2020	2019
SIL and its affiliates	\$ 250	\$ 101
Other U.S. related entities	570	800
	<u>\$ 820</u>	<u>\$ 901</u>

Of the total amounts received from related entities, approximately \$760,000 and \$787,000 for the years ended September 30, 2020 and 2019, 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,	
	2020	2019
SIL and its affiliates	\$ 71,418	\$ 69,240
Other U.S. related entities	9,794	9,428
	<u>\$ 81,212</u>	<u>\$ 78,668</u>

Of the total amounts provided to related entities, approximately \$57,192,000 and \$57,564,000, for the years ended September 30, 2020 and 2019, respectively, are non-cash donations related to members assigned to related entities.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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9. NET ASSETS WITHOUT DONOR RESTRICTIONS:

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

	September 30,	
	2020	2019
Wycliffe USA:		
Undesignated	\$ 60,219	\$ 56,327
Corporate-designated reserves	22,090	21,658
	<u>82,309</u>	<u>77,985</u>
SC:		
Undesignated	9,398	3,416
Board-designated operating reserves	5,790	5,770
	<u>15,188</u>	<u>9,186</u>
Wycliffe Foundation:		
Undesignated	105	65
Designated donor-advised funds	1,630	1,634
	<u>1,735</u>	<u>1,699</u>
Reclassifications/eliminations	<u>543</u>	<u>755</u>
	<u>\$ 99,775</u>	<u>\$ 89,625</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following (in thousands):

	September 30,	
	2020	2019
Wycliffe USA:		
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 15,301	\$ 10,753
Time restricted:		
Missionary partnership plans	6,618	6,618
Irrevocable trusts	1,818	1,872
Endowments	940	940
Bequests receivable	97	606
Restricted in perpetuity:		
Endowments	3,806	3,506
	<u>28,580</u>	<u>24,295</u>
SC:		
Purpose restricted:		
Language projects, translations, and other initiatives	25,123	18,363
Time restricted:		
Beneficial interest in split-interest agreements	553	765
	<u>25,676</u>	<u>19,128</u>
Reclassifications/eliminations	<u>(553)</u>	<u>(765)</u>
	<u>\$ 53,703</u>	<u>\$ 42,658</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,	
	2020	2019
Supplemental member income funds	\$ 773	\$ 773
Supplemental member retirement funds	922	922
Scholarship funds	2,111	1,811
	<u>\$ 3,806</u>	<u>\$ 3,506</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

11. NATURAL CLASSIFICATION OF EXPENSES:

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

	Year ended September 30, 2020			
	Program	Administrative		Total
	Services–Bible Translation	Services	Fund-raising	
Grants to language translation projects	\$ 52,043	\$ 75	\$ -	\$ 52,118
Compensation and benefits	111,822	12,421	11,741	135,984
Travel, conference, and meetings	2,760	825	1,562	5,147
Professional services	2,087	1,722	1,627	5,436
Depreciation	3,206	579	269	4,054
Information technology	2,774	1,277	154	4,205
Office expenses	753	1,274	1,183	3,210
Occupancy	963	1,067	131	2,161
Advertising and promotion	160	27	242	429
Other	170	226	38	434
Total	\$ 176,738	\$ 19,493	\$ 16,947	\$ 213,178
	Year ended September 30, 2019			
	Program	Administrative		Total
	Services–Bible Translation	Services	Fund-raising	
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

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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, 2020 and 2019, Wycliffe USA contributed approximately \$174,000 and \$161,000, 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, 2020 and 2019, SC contributed approximately \$436,000 and \$461,000, respectively, to this plan.

14. PAYCHECK PROTECTION PROGRAM LOAN:

As part of the response to the impact of COVID-19, Seed Company (SC) applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. SC was approved for a loan for approximately \$2,271,000 on May 3, 2020. The PPP loan provides for potential loan forgiveness up to the full amount of the loan provided SC overcomes (meets) certain loan stipulations. If the loan is not forgiven, it bears annual interest of 1% and repayment is due in full on May 3, 2022.

15. 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.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

15. FAIR VALUE MEASUREMENTS, continued:

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

	September 30, 2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market mutual funds	\$ 523	\$ -	\$ -	\$ 523
Corporate bonds	-	15	-	15
U.S. government agency bonds	-	56	-	56
	<u>523</u>	<u>71</u>	<u>-</u>	<u>594</u>
Common stock:				
Technology	2,445	-	-	2,445
Communication services	197	-	-	197
Industrials	1,189	-	1	1,190
Healthcare	3,666	-	-	3,666
Financial services	1,802	-	-	1,802
Consumer	2,070	-	-	2,070
Basic materials	908	-	-	908
Energy and utilities	49	-	-	49
Other	25	-	-	25
Foreign	4,655	-	-	4,655
	<u>17,006</u>	<u>-</u>	<u>1</u>	<u>17,007</u>
Mutual funds:				
Bond funds	1,400	-	-	1,400
Large cap funds	4,711	-	-	4,711
Mid cap funds	440	-	-	440
Small cap funds	225	-	-	225
Preferred stock	123	-	-	123
Foreign funds	178	-	-	178
	<u>7,077</u>	<u>-</u>	<u>-</u>	<u>7,077</u>
Exchange traded funds	<u>328</u>	<u>-</u>	<u>-</u>	<u>328</u>
Interest in RIACII long-term investment portfolio*				<u>7,885</u>
	<u>\$ 24,934</u>	<u>\$ 71</u>	<u>\$ 1</u>	<u>\$ 32,891</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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Notes to Consolidated Financial Statements

September 30, 2020 and 2019

15. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments related to fiduciary agreements:				
Money market mutual funds	\$ 545	\$ -	\$ -	\$ 545
Corporate bonds	-	1,103	-	1,103
U.S. government agency bonds	-	1,542	-	1,542
	<u>545</u>	<u>2,645</u>	<u>-</u>	<u>3,190</u>
Common stock:				
Technology	1,823	-	-	1,823
Industrials and materials	644	-	-	644
Healthcare	842	-	-	842
Financial services	407	-	-	407
Consumer	777	-	-	777
Energy and utilities	155	-	-	155
Foreign	2,181	-	-	2,181
	<u>6,829</u>	<u>-</u>	<u>-</u>	<u>6,829</u>
Mutual funds:				
Bond funds	2,709	-	-	2,709
Real estate funds	66	-	-	66
Large cap funds	7,837	-	-	7,837
Mid cap funds	941	-	-	941
Small cap funds	929	-	-	929
Foreign funds	45	-	-	45
	<u>12,527</u>	<u>-</u>	<u>-</u>	<u>12,527</u>
	<u>\$ 19,901</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ 22,546</u>

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Notes to Consolidated Financial Statements

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15. FAIR VALUE MEASUREMENTS, continued:

	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
	456	70	-	526
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
	11,710	-	3	11,713
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
	5,312	-	-	5,312
Exchange traded funds	255	-	-	255
Interest in RIACII long-term investment portfolio*				11,314
	\$ 17,733	\$ 70	\$ 3	\$ 29,120

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

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Notes to Consolidated Financial Statements

September 30, 2020 and 2019

15. 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>

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

	September 30,	
	2020	2019
Balance, beginning of year	\$ 3	\$ 4
Total unrealized loss included in changes in net assets	<u>(2)</u>	<u>(1)</u>
Balance, end of year	<u>\$ 1</u>	<u>\$ 3</u>

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

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September 30, 2020 and 2019

15. 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 \$7,885,000 and \$11,314,000 as of September 30, 2020 and 2019, respectively.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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16. 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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16. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2020, (in thousands):

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift	
Endowment net assets, October 1, 2019	\$ -	\$ 940	\$ 3,506	\$ 4,446
Investment return:				
Interest and dividend income	-	101	-	101
Realized and unrealized gains	-	315	-	315
Investment fees	-	(39)	-	(39)
	-	377	-	377
Contributions	-	-	300	300
Appropriation of endowment assets for expenditure	-	(346)	-	(346)
Endowment net assets, September 30, 2020	\$ -	\$ 971	\$ 3,806	\$ 4,777

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Notes to Consolidated Financial Statements

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16. 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

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

16. 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, 2020 and 2019.

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.

17. RISKS AND UNCERTAINTIES:

In January 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Wycliffe USA for future periods. In general, Wycliffe USA, like most other non-profit and for-profit companies, needs to maintain a level of preparedness to proactively respond to challenges that threaten its ability to operate in a safe and sound manner. For Wycliffe USA, this preparedness includes, but is not limited to, responsive leadership and staff, established policies, nimble business continuity action plans and strategies, and maintaining sufficient operating reserves. In the case of the most recent COVID-19 pandemic, Wycliffe USA remains vigilant in its ongoing monitoring of trends and relies upon the disciplines and business practices mentioned in the foregoing to shape the response to insure Wycliffe USA will operate soundly throughout the pandemic period.

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 11, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end, on February 1, 2021, Seed Company (SC) repaid its Paycheck Protection Program loan in full.

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, 2020 and 2019, and our report thereon dated February 11, 2021, 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 11, 2021

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Financial Position

(in thousands of dollars)

September 30, 2020

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Reclassifications/ Eliminations	Total
ASSETS:					
Cash	\$ 10,034	\$ 154	\$ 27,738	\$ -	\$ 37,926
Investments	60,314	1,630	10,804	(10)	72,738
Grants receivable	2,976	-	2,049	-	5,025
Bequests receivable	97	-	-	-	97
Amounts due from related entities	226	-	-	(72)	154
Other assets	2,572	23	1,043	-	3,638
Investments related to fiduciary agreements	24,259	-	-	-	24,259
Property and equipment—net of accumulated depreciation	30,761	-	1,873	-	32,634
Investment in SC subsidiary	-	-	1,197	-	1,197
Beneficial interest in agreements managed by WF	-	-	553	(553)	-
Assets held for others	-	31,263	-	(31,263)	-
	<u>\$ 131,239</u>	<u>\$ 33,070</u>	<u>\$ 45,257</u>	<u>\$ (31,898)</u>	<u>\$ 177,668</u>
Total Assets	\$ 131,239	\$ 33,070	\$ 45,257	\$ (31,898)	\$ 177,668
LIABILITIES AND NET ASSETS:					
Liabilities:					
Accounts payable and accrued expenses	\$ 410	\$ -	\$ 1,589	\$ -	\$ 1,999
Medical claims payable	1,192	-	-	-	1,192
Amounts due to related entities	26	72	79	(72)	105
Accrued compensation	8,175	-	-	-	8,175
Paycheck Protection Program loan	-	-	2,271	-	2,271
Deferred lease incentive	-	-	454	-	454
Funds held for others	-	31,263	-	(31,263)	-
Fiduciary agreements	10,547	-	-	(553)	9,994
	<u>20,350</u>	<u>31,335</u>	<u>4,393</u>	<u>(31,888)</u>	<u>24,190</u>
Net assets:					
Without donor restrictions	82,309	1,735	15,188	543	99,775
With donor restrictions	28,580	-	25,676	(553)	53,703
	<u>110,889</u>	<u>1,735</u>	<u>40,864</u>	<u>(10)</u>	<u>153,478</u>
Total Liabilities and Net Assets	\$ 131,239	\$ 33,070	\$ 45,257	\$ (31,898)	\$ 177,668

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
Investment in SC subsidiary	-	-	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>
	<u>\$ 123,663</u>	<u>\$ 32,679</u>	<u>\$ 30,814</u>	<u>\$ (31,757)</u>	<u>\$ 155,399</u>
Total Liabilities and Net Assets					

WYCLIFFE BIBLE TRANSLATORS, INC. AND AFFILIATES

Consolidating Statement of Activities

(in thousands of dollars)

Year Ended September 30, 2020

	Wycliffe Bible Translators	Wycliffe Foundation	Seed Company	Reclassifications/ Eliminations	Total
OPERATING SUPPORT AND REVENUE:					
Contributions	\$ 168,503	\$ 8,917	\$ 56,277	\$ (9,477)	\$ 224,220
Service income	2,464	8	15	(15)	2,472
Interest and dividend income	701	5	359	-	1,065
Other income	43	-	91	-	134
Net gain (loss) on sale of property and equipment	24	-	(175)	-	(151)
Total Operating Support and Revenue	<u>171,735</u>	<u>8,930</u>	<u>56,567</u>	<u>(9,492)</u>	<u>227,740</u>
OPERATING EXPENSES:					
Program services:					
Bible translation and related programs	<u>138,741</u>	<u>8,058</u>	<u>39,210</u>	<u>(9,271)</u>	<u>176,738</u>
Supporting services:					
General and administrative	16,020	206	3,397	(130)	19,493
Fund-raising	<u>10,798</u>	<u>724</u>	<u>5,516</u>	<u>(91)</u>	<u>16,947</u>
Total supporting services	<u>26,818</u>	<u>930</u>	<u>8,913</u>	<u>(221)</u>	<u>36,440</u>
Total Operating Expenses	<u>165,559</u>	<u>8,988</u>	<u>48,123</u>	<u>(9,492)</u>	<u>213,178</u>
Change in net assets from operating activities	<u>6,176</u>	<u>(58)</u>	<u>8,444</u>	<u>-</u>	<u>14,562</u>
NONOPERATING ACTIVITIES:					
Net realized/unrealized gain on investments	5,893	94	245	-	6,232
Change in value of fiduciary agreements	<u>401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401</u>
Change in net assets from nonoperating activities	<u>6,294</u>	<u>94</u>	<u>245</u>	<u>-</u>	<u>6,633</u>
Change in Net Assets before equity transfer	12,470	36	8,689	-	21,195
Equity transfer from WBT to SC	<u>(3,861)</u>	<u>-</u>	<u>3,861</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>8,609</u>	<u>36</u>	<u>12,550</u>	<u>-</u>	<u>21,195</u>
Net Assets, Beginning of Year	<u>102,280</u>	<u>1,699</u>	<u>28,314</u>	<u>(10)</u>	<u>132,283</u>
Net Assets, End of Year	<u>\$ 110,889</u>	<u>\$ 1,735</u>	<u>\$ 40,864</u>	<u>\$ (10)</u>	<u>\$ 153,478</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	\$ 43,916	\$ -	\$ (10,193)	\$ 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	44,258	-	(10,210)	208,569
OPERATING EXPENSES:						
Program services:						
Bible translation and related programs	134,999	8,495	42,300	-	(10,511)	175,283
Supporting services:						
General and administrative	13,926	210	3,492	3	172	17,803
Fund-raising	11,655	733	7,259	-	136	19,783
Total supporting services	25,581	943	10,751	3	308	37,586
Total Operating Expenses	160,580	9,438	53,051	3	(10,203)	212,869
Change in net assets from operating activities	4,593	(90)	(8,793)	(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 before equity transfer	5,347	(46)	(8,636)	(3)	(7)	(3,345)
Equity transfer from WBT to SC	(3,972)	-	3,972	-	-	-
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