



WYCLIFFE BIBLE TRANSLATORS
INTERNATIONAL, INC.
d/b/a WYCLIFFE GLOBAL ALLIANCE

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2017 and 2016

WYCLIFFE GLOBAL ALLIANCE

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wycliffe Global Alliance
Dallas, Texas

We have audited the accompanying consolidated financial statements of Wycliffe Bible Translators International, Inc. (d/b/a Wycliffe Global Alliance), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Global Alliance
Dallas, Texas

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 International, Inc. (d/b/a Wycliffe Global Alliance), as of September 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
January 31, 2018

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Financial Position

	September 30,	
	2017	2016
ASSETS:		
Cash and cash equivalents	\$ 2,809,816	\$ 1,086,489
Accounts receivable (Note 2)	20,352	90,290
Amounts due from staff and related entities (Note 3)	61,893	141,853
Investments (Note 2)	6,036,060	5,916,637
Property and equipment—net of accumulated depreciation (Note 4)	2,393	11,927
Other assets (Note 2)	50,165	41,430
	<u>\$ 8,980,679</u>	<u>\$ 7,288,626</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 144,125	\$ 161,817
Amounts due to staff and related entities (Note 3)	6,990,380	5,282,802
	<u>7,134,505</u>	<u>5,444,619</u>
Net Assets:		
Unrestricted:		
Equity in property and equipment	2,393	11,927
Undesignated	1,402,265	1,358,283
	<u>1,404,658</u>	<u>1,370,210</u>
Temporarily restricted (Note 6)	441,516	473,797
	<u>1,846,174</u>	<u>1,844,007</u>
	<u>\$ 8,980,679</u>	<u>\$ 7,288,626</u>

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Activities

	Year Ended September 30,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
From Alliance Organizations:						
Contributions (Note 3):						
United States of America	\$ 1,059,958	\$ 1,191,560	\$ 2,251,518	\$ 1,051,224	\$ 1,679,168	\$ 2,730,392
Rest of the world	440,539	124,381	564,920	463,207	85,366	548,573
	<u>1,500,497</u>	<u>1,315,941</u>	<u>2,816,438</u>	<u>1,514,431</u>	<u>1,764,534</u>	<u>3,278,965</u>
Contributed services (Note 3):						
United States of America	2,127,454	-	2,127,454	4,266,753	-	4,266,753
Rest of the world	1,692,478	-	1,692,478	1,920,804	-	1,920,804
	<u>3,819,932</u>	<u>-</u>	<u>3,819,932</u>	<u>6,187,557</u>	<u>-</u>	<u>6,187,557</u>
Interest income	119,424	-	119,424	118,536	-	118,536
From other sources:						
Other income	42,951	3,221	46,172	21,866	9,119	30,985
	<u>5,482,804</u>	<u>1,319,162</u>	<u>6,801,966</u>	<u>7,842,390</u>	<u>1,773,653</u>	<u>9,616,043</u>
NET ASSETS RELEASED:						
Satisfaction of purpose restrictions	<u>1,351,443</u>	<u>(1,351,443)</u>	<u>-</u>	<u>1,877,308</u>	<u>(1,877,308)</u>	<u>-</u>
EXPENSES:						
Program services:						
Bible translation facilitation	5,163,205	-	5,163,205	8,096,479	-	8,096,479
Supporting services:						
General and administrative	1,636,594	-	1,636,594	1,595,307	-	1,595,307
	<u>6,799,799</u>	<u>-</u>	<u>6,799,799</u>	<u>9,691,786</u>	<u>-</u>	<u>9,691,786</u>
Change in Net Assets	34,448	(32,281)	2,167	27,912	(103,655)	(75,743)
Net Assets, Beginning of Year	<u>1,370,210</u>	<u>473,797</u>	<u>1,844,007</u>	<u>1,342,298</u>	<u>577,452</u>	<u>1,919,750</u>
Net Assets, End of Year	<u>\$ 1,404,658</u>	<u>\$ 441,516</u>	<u>\$ 1,846,174</u>	<u>\$ 1,370,210</u>	<u>\$ 473,797</u>	<u>\$ 1,844,007</u>

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,167	\$ (75,743)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,822	10,859
Changes in operating assets and liabilities:		
Accounts receivable	69,938	4,326
Amounts due from staff and related entities	79,960	187,930
Other assets	(8,735)	13,905
Accounts payable and accrued expenses	(17,692)	33,872
Net Cash Provided by Operating Activities	133,460	175,149
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(119,423)	(118,457)
Proceeds from sale of property and equipment	1,712	-
Proceeds from sale of investments	-	1,000,000
Amounts due to staff and related entities	1,707,578	(280,859)
Net Cash Provided by Investing Activities	1,589,867	600,684
Change in Cash and Cash Equivalents	1,723,327	775,833
Cash and Cash Equivalents, Beginning of Year	1,086,489	310,656
Cash and Cash Equivalents, End of Year	\$ 2,809,816	\$ 1,086,489

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators International, Inc. (d/b/a Wycliffe Global Alliance) (the Alliance) is a Texas non-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Alliance is classified as a public organization under Section 509(a), and not a private foundation. Contributions to it are tax deductible within the limitations prescribed by the tax code. The Alliance has offices in Singapore; Dallas, Texas; Nairobi, Kenya; and Burbach, Germany. The balances and activities related to the offices are included in these consolidated financial statements.

In November 2015, the new bylaws of the Alliance recognizing all organizations of the Alliance as one category of membership were officially passed. The organizations become known as Alliance Organizations (AOs) when they sign a covenant agreement with the Alliance.

The Alliance exists to encourage and facilitate greater partnership in reaching minority peoples with God's Word and message of hope in the languages they understand best. It promotes the efforts of the AOs (93 AOs) as they engage with the worldwide Church in providing resources for Bible translation and related ministry around the globe. It also facilitates and encourages the work of participating AOs that lead Bible translation programs and serve language communities in their own nations. The Alliance and many of its AOs partner closely with Summer Institute of Linguistics, Inc. (SIL), which facilitates language based development and serves the people of the world through research, translation, and literacy.

The work of the Alliance is primarily carried out by staff that voluntarily joined an AO which assigned them to serve the Alliance. The Alliance's revenues consist primarily of contributions from AOs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements of the Alliance have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RELATED ENTITIES

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

- Wycliffe Bible Translators, Inc. (Wycliffe USA) is an interdenominational, nonprofit, missionary organization with the goal of forwarding, in every way possible, the translation of the Word of God into all those languages of the world where it is needed. Wycliffe USA controls and has an economic interest in Wycliffe Foundation (WF).
- 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.
- RIA Charitable Investments Inc. (RIACII) exists to provide a pooled investment opportunity for certain Alliance Organizations.
- The Wycliffe Seed Company Inc. (SC), a religious non-profit corporation, works with local translators and international prayer 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.

ESTIMATES

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 these estimates.

PRINCIPLES OF CONSOLIDATION

This report includes the Alliance and Wycliffe Africa because Wycliffe Africa is under the control of the Alliance. All inter-organizational transactions have been eliminated.

CASH AND CASH EQUIVALENTS

Cash consists primarily of checking accounts deposited with financial institutions and a cash deposit with a related entity. From time to time, balances in these accounts may exceed federally insured limits. As of September 30, 2017 and 2016, The Alliance had \$2,613,723 and \$791,859, respectively, deposited with a related entity functioning as a money market account (see Note 3). The Alliance holds 6% and 21% of its cash in accounts outside the United States as of September 30, 2017 and 2016, respectively.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of funds placed with RIACII. RIACII operates as an investment pool available to certain AOs. 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% for both the years ended September 30, 2017 and 2016) to participants in proportion to the amount they have on deposit in the pool and is carried at cost plus accrued interest. The long term portfolio does not pay out interest, but allocates all net income or loss to the participant's deposit in the pool. The Alliance did not have any investments in the long term pool as of September 30, 2017 or 2016.

Interest income earned and reinvested by the Alliance for the years ended September 30, 2017 and 2016 was \$119,424 and \$118,536, respectively, and is included in interest income on the consolidated statements of activities. As of September 30, 2017 and 2016, RIACII reported total assets with a fair value of approximately \$91,867,000 and \$89,243,000, respectively, of which the Alliance holds \$6,036,060 (7%) and \$5,916,637 (7%), respectively. Credit risk is the failure of another party to perform in accordance with the contract terms. The Alliance 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.

Balances which the Alliance holds and invests for non-U.S. AOs are classified as "Amounts due to staff and related entities" on the consolidated statements of financial position (see Note 3). Interest (1.20% for both the years ending September 30, 2017 and 2016) is paid on these AO balances in proportion to the amount they have on deposit in the pool through the Alliance. Interest paid for the years ended September 30, 2017 and 2016, was \$61,010 and \$58,585, respectively, and is included in general and administrative expenses on the consolidated statements of activities.

ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of advances to related ministries and other local organizations and individuals. Past collection experience has been that essentially 100% of receivables have been collected. Therefore, no allowance for doubtful accounts has been established.

OTHER ASSETS

Other assets include various prepaid expenses.

PROPERTY AND EQUIPMENT

The Alliance's property and equipment includes equipment in Asia and Europe. Property and equipment expenditures in excess of \$5,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the equipment, which ranges from 3 to 10 years.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The net assets of the Alliance are classified into net asset categories according to externally (donor) imposed restrictions as follows:

Unrestricted net assets include gifts for the general operations of the Alliance, funds designated for specific uses by the board of directors, and equity in property and equipment.

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

SUPPORT AND REVENUE

Revenue is recognized when cash is received, unconditional promises are made, and when ownership of donated assets is transferred. AOs assess contribution income at rates that range from 0% to 15%. Some of this assessment is passed to the Alliance as a contribution to be used for general and administrative expenses. This assessment contribution is classified as unrestricted net assets at the time the Alliance receives the contribution.

CONTRIBUTED SERVICES

Contributed services represent the value of the staff provided by the AOs. These services are recorded at the salary expense amount incurred by the AOs.

ALLOCATION OF EXPENSES

The costs of providing program and supporting services are allocated and summarized on a functional basis in the consolidated statements of activities. All expenses are recorded when incurred in accordance with the accrual basis of accounting.

FOREIGN CURRENCY

The financial activities of the area offices are recorded and maintained in U.S. dollars. Contributions received and expenses paid in foreign currencies are recorded in U.S. dollars using the exchange rate applicable on the date of the transactions. Any resulting gains or losses on currency exchanges are included in other income on the consolidated statements of activities. The consolidated statements of financial position reflects the value of foreign currency accounts in U.S. dollars using the exchange rate as of September 30, 2017 and 2016, respectively.

RECLASSIFICATION

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

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 31, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

3. TRANSACTIONS WITH RELATED ENTITIES:

The Alliance had cash and investments with related entities as follows:

	September 30,	
	2017	2016
Cash:		
SIL	\$ 2,613,723	\$ 791,859
Investments:		
RIACII	6,036,060	5,916,637
	<u>\$ 8,649,783</u>	<u>\$ 6,708,496</u>

The Alliance had accounts receivable and payable with related entities as follows:

	September 30, 2017	
	Receivable	Payable
Alliance Organizations	\$ 41,248	\$ 281,551
Non-U.S. Alliance Organization's deposits in RIACII/SIL	-	6,409,254
SIL	12,874	173,935
Staff and other	7,771	125,640
	<u>\$ 61,893</u>	<u>\$ 6,990,380</u>

The Alliance received support from and provided support to various related entities. Such amounts included in revenue and expenses were as follows:

	Year Ended September 30, 2017	
	Received from	Provided to
Alliance Organizations	\$ 6,438,288	\$ 288,146
SIL	198,082	-
	<u>\$ 6,636,370</u>	<u>\$ 288,146</u>

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

3. TRANSACTIONS WITH RELATED ENTITIES, continued:

The Alliance had accounts receivable and payable with related entities as follows:

	September 30, 2016	
	Receivable	Payable
Alliance Organizations	\$ 92,719	\$ 189,501
Non-U.S. Alliance Organization's deposits in RIACII/SIL	-	4,722,100
SIL	26,542	246,515
Staff and other	22,592	124,686
	<u>\$ 141,853</u>	<u>\$ 5,282,802</u>

The Alliance received support from and provided support to various related entities. Such amounts included in revenue and expenses were as follows:

	Year Ended September 30, 2016	
	Received from	Provided to
Alliance Organizations	\$ 9,092,096	\$ 328,878
SIL	374,426	-
	<u>\$ 9,466,522</u>	<u>\$ 328,878</u>

Of the total contributed services received from affiliated entities, \$3,819,932 and \$6,187,557 is the value of contributed services received through AOs and assigned to the Alliance for the years ended September 30, 2017 and 2016, respectively. For the year ended September 30, 2017, \$778,764 was for staff performing management and general functions, and \$3,038,729 was for staff performing Bible translation promotion and related program functions. For the year ended September 30, 2016, \$605,226 was for staff performing management and general functions, and \$5,582,331 was for staff performing Bible translation promotion and related program functions.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment consists of the following:

	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
Equipment in Europe	\$ 21,804	\$ 21,804
Equipment in Asia	23,930	32,490
	<u>45,734</u>	<u>54,294</u>
Less accumulated depreciation	(43,341)	(42,367)
	<u>\$ 2,393</u>	<u>\$ 11,927</u>

5. OPERATING LEASES:

Africa Area, Europe Area, and the Singapore office lease office space from outside parties. These lease agreements vary in length. Expected future expense for these leases is as follows:

Year ending September 30,

2018	\$ 39,462
2019	32,115
2020	35,327
2021	35,327
2022	38,860
Thereafter	<u>38,860</u>
	<u>\$ 219,951</u>

For the years ended September 30, 2017 and 2016, rent expense for these leases totaled \$45,693 and \$64,311, respectively, which is included in total rent expense of \$132,986 and \$151,555, respectively. Other rent includes offices leased from AOs on a month to month basis.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2017 and 2016

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	September 30,	
	2017	2016
Bible translation organization assistance	\$ 216,033	\$ 193,555
Language program support	92,916	132,560
Training programs	76,587	134,617
Support services	42,459	9,355
Translator assistance	13,521	3,710
	<u>\$ 441,516</u>	<u>\$ 473,797</u>