



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

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 6 to the consolidated financial statements, management identified adjustments pertaining to amounts previously reported in prior year consolidated financial statements. Accordingly, the consolidated financial statements as of and for the year ended September 30, 2017, now presented here, have been restated. Our opinion has not been modified with respect to this matter.

Capin Crouse LLP

Grapevine, Texas
February 7, 2019

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Financial Position

	September 30,	
	<u>2018</u>	<u>2017, restated</u>
ASSETS:		
Cash and cash equivalents	\$ 1,610,002	\$ 2,809,816
Amounts due from staff and related entities (Note 3)	74,800	61,893
Investments (Note 2)	6,663,648	6,036,060
Other assets (Note 2)	92,728	72,910
	<u> </u>	<u> </u>
Total Assets	<u>\$ 8,441,178</u>	<u>\$ 8,980,679</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 121,056	\$ 144,125
Amounts due to staff and related entities (Note 3)	6,042,908	7,304,738
	<u> </u>	<u> </u>
	<u>6,163,964</u>	<u>7,448,863</u>
Net Assets:		
Unrestricted:		
Undesignated	1,624,253	1,404,658
Board designated– Global Gathering	523,500	-
	<u> </u>	<u> </u>
	2,147,753	1,404,658
Temporarily restricted (Note 5)	129,461	127,158
	<u> </u>	<u> </u>
	<u>2,277,214</u>	<u>1,531,816</u>
Total Liabilities and Net Assets	<u>\$ 8,441,178</u>	<u>\$ 8,980,679</u>

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Activities

Year Ended September 30,

	2018			2017, restated		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
From Alliance Organizations:						
Contributions (Note 3):						
United States of America	\$ 1,876,789	\$ 364,322	\$ 2,241,111	\$ 1,059,958	\$ 998,756	\$ 2,058,714
Rest of the world	574,533	9,464	583,997	440,539	102,985	543,524
	<u>2,451,322</u>	<u>373,786</u>	<u>2,825,108</u>	<u>1,500,497</u>	<u>1,101,741</u>	<u>2,602,238</u>
Contributed services (Note 3):						
United States of America	1,093,670	-	1,093,670	2,127,454	-	2,127,454
Rest of the world	1,541,534	-	1,541,534	1,692,478	-	1,692,478
	<u>2,635,204</u>	<u>-</u>	<u>2,635,204</u>	<u>3,819,932</u>	<u>-</u>	<u>3,819,932</u>
Interest income	127,588	-	127,588	119,423	-	119,423
From other sources:						
Other income	3,150	-	3,150	42,952	3,221	46,173
	<u>3,150</u>	<u>-</u>	<u>3,150</u>	<u>42,952</u>	<u>3,221</u>	<u>46,173</u>
Total Support and Revenue	<u>5,217,264</u>	<u>373,786</u>	<u>5,591,050</u>	<u>5,482,804</u>	<u>1,104,962</u>	<u>6,587,766</u>
NET ASSETS RELEASED:						
Satisfaction of purpose restrictions	371,483	(371,483)	-	1,451,601	(1,451,601)	-
	<u>371,483</u>	<u>(371,483)</u>	<u>-</u>	<u>1,451,601</u>	<u>(1,451,601)</u>	<u>-</u>
EXPENSES:						
Program services:						
Bible translation facilitation	3,623,854	-	3,623,854	5,163,205	-	5,163,205
Supporting services:						
General and administrative	1,221,798	-	1,221,798	1,736,752	-	1,736,752
Total Expenses	<u>4,845,652</u>	<u>-</u>	<u>4,845,652</u>	<u>6,899,957</u>	<u>-</u>	<u>6,899,957</u>
Change in Net Assets	743,095	2,303	745,398	34,448	(346,639)	(312,191)
Net Assets, Beginning of Year	<u>1,404,658</u>	<u>127,158</u>	<u>1,531,816</u>	<u>1,370,210</u>	<u>473,797</u>	<u>1,844,007</u>
Net Assets, End of Year	<u>\$ 2,147,753</u>	<u>\$ 129,461</u>	<u>\$ 2,277,214</u>	<u>\$ 1,404,658</u>	<u>\$ 127,158</u>	<u>\$ 1,531,816</u>

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	<u>2018</u>	<u>2017, restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 745,398	\$ (312,191)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Reinvested interest	(127,588)	(119,423)
Changes in operating assets and liabilities:		
Amounts due from staff and related entities	(12,907)	87,782
Other assets	(19,818)	62,915
Accounts payable and accrued expenses	(23,069)	(17,692)
Net Cash Provided (Used) by Operating Activities	<u>562,016</u>	<u>(298,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(500,000)	-
Change in amounts due to staff and related entities	(1,261,830)	2,021,936
Net Cash Provided (Used) by Investing Activities	<u>(1,761,830)</u>	<u>2,021,936</u>
Change in Cash and Cash Equivalents	(1,199,814)	1,723,327
Cash and Cash Equivalents, Beginning of Year	<u>2,809,816</u>	<u>1,086,489</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,610,002</u>	<u>\$ 2,809,816</u>

See notes to consolidated financial statements

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

1. NATURE OF ORGANIZATION:

Wycliffe Bible Translators International, Inc. (d/b/a Wycliffe Global Alliance) (the Alliance) is a Texas nonprofit 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 (over 100 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.

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) and the Wycliffe Seed Company Inc. (SC), and therefore both entities are consolidated into their financial statements..

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

RELATED ENTITIES, continued

- Summer Institute of Linguistics, Inc. (SIL) provides training programs for linguists and supports the study of and translation into the less known and unwritten languages in the world. It also promotes literacy development in these languages. JAARS, Inc. (JAARS) provides technical, logistic, and personnel support for field operations. SIL and JAARS are consolidated for financial reporting purposes.
- 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, 2018 and 2017, the Alliance had approximately \$1,600,000 and \$2,800,000 of cash balances that exceeded federally insured limits, respectively. The Alliance has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

As of September 30, 2018 and 2017, the Alliance had \$1,391,382 and \$2,613,723, respectively, deposited with a related entity functioning as a money market account (see Note 3). The Alliance holds 12% and 6% of its cash in accounts outside the United States as of September 30, 2018 and 2017, respectively.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

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 and SIL. 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 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% for both the years ended September 30, 2018 and 2017,) to participants in proportion to the amount they have on deposit in the pool. The short term portfolio is carried at cost, which is determined based on the value of actual deposits made plus accrued interest. The long term portfolio does not pay out interest, but allocates all net income or loss to the participant's deposit in the pool. The Alliance did not have any investments in the long term pool as of September 30, 2018 or 2017.

Interest income earned and reinvested by the Alliance for the years ended September 30, 2018 and 2017 was \$127,588 and \$119,423, respectively, and is included in interest income on the consolidated statements of activities. As of September 30, 2018 and 2017, RIACII reported total assets with a fair value of approximately \$95,592,000 and \$91,867,000, respectively, of which the Alliance holds \$6,663,648 (7%) and \$6,036,060 (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 included in "Cash and cash equivalents" and "Investments" and 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, 2018 and 2017) 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, 2018 and 2017, was \$72,464 and \$61,010, respectively, and is included in general and administrative expenses on the consolidated statements of activities.

OTHER ASSETS

Other assets include various prepaid expenses, receivables and fixed assets.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

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

Support 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, 2018 and 2017, respectively.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 7, 2019, 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,	
	2018	2017
Cash:		
SIL	\$ 1,391,382	\$ 2,613,723
Investments:		
RIACII	6,663,648	6,036,060
	<u>\$ 8,055,030</u>	<u>\$ 8,649,783</u>

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

	September 30, 2018	
	Receivable	Payable
Alliance Organizations	\$ 58,203	\$ 22,015
Non-U.S. Alliance Organization's deposits in RIACII/SIL	-	5,613,226
SIL	2,400	6,370
Staff and other	14,197	401,297
	<u>\$ 74,800</u>	<u>\$ 6,042,908</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, 2018	
	Received from	Provided to
Alliance Organizations	\$ 4,808,312	\$ 156,046
SIL	652,000	754
	<u>\$ 5,460,312</u>	<u>\$ 156,800</u>

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

3. TRANSACTIONS WITH RELATED ENTITIES, continued:

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

	September 30, 2017, restated	
	Receivable	Payable
Alliance Organizations	\$ 41,248	\$ 344,940
Non-U.S. Alliance Organization's deposits in RIACII/SIL	-	6,409,254
SIL	12,874	173,935
Staff and other	7,771	376,609
	<u>\$ 61,893</u>	<u>\$ 7,304,738</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, restated	
	Received from	Provided to
Alliance Organizations	\$ 6,224,088	\$ 288,146
SIL	198,082	-
	<u>\$ 6,422,170</u>	<u>\$ 288,146</u>

Of the total contributed services received from affiliated entities, \$2,635,204 and \$3,819,932 is the value of contributed services received through AOs and assigned to the Alliance for the years ended September 30, 2018 and 2017, respectively. For the year ended September 30, 2018, \$671,085 was for staff performing management and general functions, and \$1,964,119 was for staff performing Bible translation promotion and related program functions. 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.

4. OPERATING LEASES:

Africa Area, Europe Area, and the Singapore office lease office space from outside parties. The majority of these leases are renewable each year, and one lease is renewable every two years. For the years ended September 30, 2018 and 2017, rent expense for these leases totaled \$48,684 and \$45,693, respectively, which is included in total rent expense of \$94,195 and \$132,986, respectively. Other rent includes offices leased from AOs on a month to month basis.

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	September 30,	
	2018	2017, restated
Bible translation organization assistance	\$ 89,587	\$ 40,238
Language program support	-	9,510
Training programs	32,188	61,927
Support services	7,686	15,483
	<u>\$ 129,461</u>	<u>\$ 127,158</u>

WYCLIFFE GLOBAL ALLIANCE

Notes to Consolidated Financial Statements

September 30, 2018 and 2017 (As Restated)

6. CORRECTION OF ERROR:

During the year ended September 30, 2018, it was determined that the Alliance understated amounts due to staff and related entities and overstated temporarily restricted net assets as of September 30, 2017. The effect of the correcting adjustment on support and revenue, expenses and the change in net assets for the year ended September 30, 2017, and liabilities and net assets as of September 30, 2017, is presented in the table below.

	Year Ended September 30, 2017		
	Previously Stated	Adjustment	Restated
Consolidated Statement of Financial Position:			
Liabilities:			
Amounts due to staff and related entities	\$ 6,990,380	\$ 314,358	\$ 7,304,738
Total Liabilities	\$ 7,134,505	\$ 314,358	\$ 7,448,863
Net Assets:			
Temporarily restricted net assets	\$ 441,516	\$ (314,358)	\$ 127,158
Total Net Assets	\$ 1,846,174	\$ (314,358)	\$ 1,531,816
Consolidated Statement of Activities:			
Support and Revenue:			
Contributions from Alliance Organizations:			
United States of America	\$ 2,251,518	\$ (192,804)	\$ 2,058,714
Rest of the World	564,920	(21,396)	543,524
Total Support and Revenue:	\$ 6,801,966	\$ (214,200)	\$ 6,587,766
Net Assets Released:			
Satisfaction of purpose restrictions	\$ 1,351,443	\$ 100,158	\$ 1,451,601
Expenses:			
General and administrative	\$ 1,636,594	\$ 100,158	\$ 1,736,752
Total Expenses	\$ 6,799,799	\$ 100,158	\$ 6,899,957
Change in Net Assets, related to:			
Unrestricted	\$ 34,448	\$ -	\$ 34,448
Temporarily restricted	(32,281)	(314,358)	(346,639)
	\$ 2,167	\$ (314,358)	\$ (312,191)
Consolidated Statement of Cashflows:			
Change in amounts due to staff and related entities	\$ 1,707,578	\$ 314,358	\$ 2,021,936