



THE WYCLIFFE SEED COMPANY, INC.

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2018 and 2017

# THE WYCLIFFE SEED COMPANY, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Wycliffe Seed Company, Inc.  
Arlington, Texas

We have audited the accompanying consolidated financial statements of The Wycliffe Seed Company, Inc., 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  
The Wycliffe Seed Company, Inc.  
Arlington, Texas

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Wycliffe Seed Company, Inc. as of September 30, 2018 and 2017, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Related Party Relationship***

The accompanying consolidated financial statements are those of The Wycliffe Seed Company, Inc., under common control with Wycliffe Bible Translators, Inc., and are not those of the primary reporting entity. Consolidated financial statements of Wycliffe Bible Translators, Inc. and Affiliates for the years ended September 30, 2018 and 2017, have been issued separately with the independent auditors' report.

*Capin Crouse LLP*

Grapevine, Texas  
February 11, 2019

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statements of Financial Position

	September 30,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 8,630,222	\$ 7,154,121
Contributions receivable (Note 2)	-	624,911
Prepaid expenses and other assets	1,915,629	1,396,932
Investments (Note 4)	18,894,714	20,546,259
Beneficial interest in split-interest agreements (Note 11)	621,810	542,723
Intangible assets under development (Note 2)	280,215	-
Property and equipment—net of accumulated depreciation (Note 5)	5,195,562	4,052,359
<b>Total Assets</b>	<b>\$ 35,538,152</b>	<b>\$ 34,317,305</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,595,602	\$ 864,048
Amounts due to related entities (Note 11)	450,699	524,690
Deferred lease incentive (Note 6)	514,198	544,445
	2,560,499	1,933,183
<b>Net assets:</b>		
Unrestricted (Note 7)	12,893,948	12,596,264
Temporarily restricted (Note 8)	20,083,705	19,787,858
	32,977,653	32,384,122
<b>Total Liabilities and Net Assets</b>	<b>\$ 35,538,152</b>	<b>\$ 34,317,305</b>

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statements of Activities

	Year Ended September 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 4,467,212	\$ 37,332,736	\$ 41,799,948	\$ 6,393,849	\$ 27,734,622	\$ 34,128,471
Support from affiliates (Note 11):						
Wycliffe contributions	534,435	1,643,716	2,178,151	36,883	1,385,654	1,422,537
Member support	5,097,880	-	5,097,880	5,130,187	-	5,130,187
Service income	276,567	-	276,567	978,407	-	978,407
Investment income (Note 4)	848,666	-	848,666	758,278	-	758,278
Other income (loss)	64,133	-	64,133	(3,482)	-	(3,482)
Net assets released from restrictions:						
Field operations assessments	6,870,841	(6,870,841)	-	5,028,620	(5,028,620)	-
Administrative assessments (19% administration & fund-raising)	7,048,618	(7,048,618)	-	5,413,862	(5,413,862)	-
Satisfaction of program restrictions	24,761,146	(24,761,146)	-	17,569,060	(17,569,060)	-
Total support and revenue	49,969,498	295,847	50,265,345	41,305,664	1,108,734	42,414,398
<b>OPERATING EXPENSES:</b>						
Program services—Bible translation	38,148,946	-	38,148,946	29,571,755	-	29,571,755
General and administration services	3,879,116	-	3,879,116	4,637,044	-	4,637,044
Fund-raising services	7,643,752	-	7,643,752	5,074,955	-	5,074,955
Total expenses	49,671,814	-	49,671,814	39,283,754	-	39,283,754
Change in Net Assets	297,684	295,847	593,531	2,021,910	1,108,734	3,130,644
Net Assets, Beginning of Year	12,596,264	19,787,858	32,384,122	10,574,354	18,679,124	29,253,478
Net Assets, End of Year	\$ 12,893,948	\$ 20,083,705	\$ 32,977,653	\$ 12,596,264	\$ 19,787,858	\$ 32,384,122

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 593,531	\$ 3,130,644
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,201,631	455,860
Realized and unrealized gains on investments	(438,183)	(367,735)
(Gain) Loss on disposal of property and equipment	(3,020)	44,914
Changes in assets and liabilities:		
Contributions receivable	624,911	1,233,689
Prepaid expenses and other assets	(518,697)	(87,674)
Beneficial interest in split-interest agreements	(79,087)	(10,467)
Accounts payable and accrued expenses	486,913	30,238
Amounts due to affiliated entities	(73,991)	96,016
Deferred lease incentive	(30,247)	(30,247)
Net Cash Provided by Operating Activities	1,763,761	4,495,238
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(410,272)	(390,427)
Purchases of intangible assets under development	(280,215)	-
Proceeds from sale of investments	2,500,000	-
Proceeds from sale of property and equipment	3,020	15,895
Purchase of property and equipment	(2,100,193)	(1,397,244)
Net Cash Used by Investing Activities	(287,660)	(1,771,776)
Change in Cash and Cash Equivalents	1,476,101	2,723,462
Cash and Cash Equivalents, Beginning of Year	7,154,121	4,430,659
Cash and Cash Equivalents, End of Year	\$ 8,630,222	\$ 7,154,121
<b>SUPPLEMENTAL INFORMATION:</b>		
Noncash investing and financing activities:		
Purchases of property and equipment through accounts payable	\$ 244,641	\$ 40,320

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 1. NATURE OF ORGANIZATION:

The Wycliffe Seed Company, Inc. (Seed Company) is a religious non-profit corporation incorporated in the state of California, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). The organization has been classified as a public organization, which is not a private foundation under Section 509(a) of the Code. Contributions are tax deductible within the limitations prescribed by the Code.

*Vision Statement* : God's Word transforming lives in every language in this generation.

*Mission Statement* : To accelerate Scripture translation and impact for people without God's Word through Great Commission partnerships.

*Background* : Founded in 1993 by Wycliffe Bible Translators Inc. (Wycliffe USA), Seed Company has become the fastest growing Bible translation organization in the world by developing innovative ways to more rapidly, efficiently, and accurately translate the Bible for people groups who don't have it in their language. Wycliffe USA also controls and has an economic interest in Wycliffe Foundation (WF), an interdenominational, nonsectarian organization supporting 501(c)(3) tax-exempt organizations that are involved in Bible translation by engaging in gift planning services and planned gift administration.

Avodah Labs Inc. (Avodah) is a non-profit corporation incorporated in the State of Florida, exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code). Avodah commenced operations on September 26, 2017. The organization has been classified as a public organization, which is not a private foundation under section 509(a) of the Code. Contributions are tax deductible within the limitations prescribed by the Code.

Avodah is a wholly controlled subsidiary of The Wycliffe Seed Company Inc. (Seed Company), designed to research, develop, and share improved technologies for communicating with sign Deaf communities in the United States and around the world to spread the Gospel of Jesus Christ. Avodah will also recruit, train, and deploy sign Deaf translators to translate the Bible and other Christian writings into as many sign Deaf languages and dialects as possible to facilitate the spread of the Christian faith.

*Ministry Methodology* : Seed Company 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.

Seed Company in partnership with others develops and manages national-led translation projects with clearly defined timeframes, outcomes, milestones and budgets. Financial and prayer partners for each project provide the necessary resources. Experienced linguists train and mentor local translators, while every scriptural translation is reviewed thoroughly for accuracy and clarity. In addition, emerging technology, such as solar-powered equipment, satellite uplinks and cell phones, is accelerating the pace of Bible translation and making it possible even in the most remote regions of the world.



# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 1. NATURE OF ORGANIZATION, continued:

*Ministry Motivation:* Each year, 2.4 million people die without hearing the promises and truth in God’s Word in their language. Motivated by this reality and the Great Commission given in Matthew 28:18–20 to “go and make disciples,” Seed Company is on an urgent mission to see God’s Word transforming lives in every language in this generation. Seed Company believes that as lives are enriched by Scripture, communities are empowered to thrive. With approximately 2,100 language groups who do not have full access to God’s promises and truth, now is the time to act.

*Deep Roots:* Wycliffe USA pioneered the modern-day Bible translation movement among unreached international people groups by sending missionaries to live with them, learn their heart language, and help provide an understandable and accurate translation of the Scriptures. Realizing it would take multiple generations to reach the last languages, Wycliffe USA launched Seed Company with a renewed sense of urgency. Seed Company’s mandate was to develop innovative methods empowering national translators to accelerate Bible translation, leverage linguistic expertise, maximize Scripture impact and ultimately, change lives.

*Financial Accountability:* Seed Company is able to fulfill its mission and pursue its vision through the investments of its financial partners. With a firm commitment to accountability and stewardship, 81% of every dollar (temporarily restricted) invested in translation projects is utilized for translation expenses, as noted by the 19% assessment on restricted gifts. Seed Company is an accredited member of the Evangelical Council for Financial Accountability, demonstrating compliance with established standards for financial stewardship, ethical fund-raising, and proper board governance.

*Technological Advancement:* Seed Company is creating new opportunities for accelerating Bible translation even in the most remote locations by leveraging emerging technologies such as cellular and satellite systems for remote connectivity and proven solar technology for powering equipment. Today, a translation consultant in the U.S. can provide same-day assistance and guidance for a translation team located in a remote village. In addition, software tools developed specifically for local translators further equip them for even greater productivity and accuracy.

*Biblical Accuracy:* Seed Company ensures that every translation accurately conveys the meaning of the biblical text by following a rigorous six-step process in every project. This process includes careful analysis of the text before creating a first draft translation, multiple reviews to confirm accuracy and clarity, and careful checking at every stage.

*The OneVerse Program:* For only \$35 a month, OneVerse provides an opportunity for you to participate in providing God’s eternal Word for those who have never read or experienced it before. OneVerse partners, through their \$35 monthly gifts, transform individual lives and whole communities by supporting local translators in bringing God’s Word “to life” for the first time in their languages. The financial and prayerful support of OneVerse monthly partners expresses God’s love in the most important and powerful way - through His living Word.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### BASIS OF ACCOUNTING

Seed Company 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

The accompanying consolidated financial statements include the accounts of The Wycliffe Seed Company, Inc., and Avodah Labs, Inc. All significant intercompany transactions have been eliminated in consolidation.

#### RELATED ENTITIES

Related entities, not included in these consolidated financial statements due to their financial and administrative independence 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. SIL and JAARS are consolidated for financial reporting purposes.
- Wycliffe Bible Translators International (dba Wycliffe Global Alliance) (the Alliance) promotes the efforts of organizations (over 100 alliance organizations) as they engage the worldwide Church in providing resources for Bible translation and related ministry around the globe.
- RIA Charitable Investments Inc. (RIACII) exists to provide a pooled investment opportunity for certain Alliance Organizations.

#### 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 and 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.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, checking accounts, 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, Seed Company had cash balances exceeding federally insured limits by approximately \$8,000,000 and \$6,500,000, respectively. Seed Company has not experienced any losses on these accounts and does not believe it is subject to any credit risk related to cash and cash equivalents. For the years ended September 30, 2018 and 2017, Seed Company had \$327,938 and \$73,463, respectively, deposited with a related entity functioning as a money market account.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

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

#### INVESTMENTS

Investments consist of funds placed with RIA Charitable Investments, Inc. (RIACII). RIACII operates as an investment pool available to certain Wycliffe Global Alliance organizations. Funds deposited with RIACII are invested in a variety of fixed income securities including U.S. Treasury issues, corporate bonds, and mortgage backed bonds, which borrow and pay in U.S. dollars. RIACII carries two investment pools. The short-term portfolio pays interest at a stated rate as determined from time to time by the RIACII board of directors (2.00% for both years ending September 30, 2018 and 2017) to participants in proportion to the amount they have on deposit in the pool. 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 long-term pool also invests in equity securities, mutual funds, and exchange traded funds.

Investment income consists of interest income earned on the short-term portfolio and net income or loss allocated to the long-term portfolio. Interest income recorded in the statement of activities for 2018 and 2017 was \$410,483 and \$390,543, respectively. As of September 30, 2018 and 2017, RIACII reported total assets with a fair value of approximately \$95,706,000 and \$91,867,000, respectively, of which Seed Company holds \$18,894,714 and \$20,546,259 (20% and 22%), respectively. Credit risk is the failure of another party to perform in accordance with the contract terms. Seed Company is exposed to credit risk for the amount invested in the pool.

#### 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, 2018 and 2017, respectively.

#### PROPERTY AND EQUIPMENT

Property and equipment in excess of \$5,000 are capitalized and reported at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the depreciable assets which are:

Buildings	30 to 40 years
Equipment and furnishings	3 to 10 years
Website development/software	2 to 3 years
Vehicles	5 years

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

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

#### INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets under development consist of costs paid to outside contractors and capitalized for the development of software by Avodah. Phase 1, which was the research and development phase of the project, was completed in fiscal year 2018. Approximately \$550,000 of research and development costs were incurred and expensed during the year ended September 30, 2018. Development of the software is currently in Phase 2 during which the product will be refined. It's management's expectation that the majority of costs incurred during Phase 2 will be capitalized.

#### DEFERRED MATCHING CONTRIBUTION REVENUE

Seed Company receives funds with donor stipulations that matching contributions be raised in order to retain the gift. Contribution revenue is recognized as matching funds are raised. During 2018 and 2017, Seed Company received approximately \$1,400,000 and \$1,300,000, respectively, in matching grants for certain translation projects that must be raised within a three-year period. For both the years ended September 30, 2018 and 2017, all matching funds was raised.

#### NET ASSETS

Net assets are classified into net asset categories according to externally (donor) imposed restrictions as follows:

*Unrestricted net assets* include gifts or those resources invested in property and equipment and intangible assets for the general operations of Seed Company or designated by the board of directors for a specific use.

Seed Company maintains an operating reserve policy that requires the board set aside a portion of available unrestricted net assets to fund a Board-Designated Operating Reserve. The policy also establishes a goal for the Board-Designated Operating Reserve of a target balance equal to four months of operating expenses.

*Temporarily restricted net assets* 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 permanently restricted.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

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

#### SUPPORT AND SERVICE INCOME

Support and service income are recognized when cash is received, unconditional promises are made or when ownership of donated assets is transferred to Seed Company. Contribution income to translation projects is subject to a 19% assessment, which is used for general and administrative and fund-raising expenses. This assessment is reclassified from temporarily restricted to unrestricted net assets at the time the contribution is received.

For the years ended September 30, 2018 and 2017, Wycliffe USA provided 97% and 99%, respectively, of total support from affiliates, of which 70% and 78% is non-cash contributions consisting of the value of member labor, respectively (Note 10).

For the year ended September 30, 2018, two donors provided 21% and three foundations, representing 53 donors, provided 43% of total contributions. For the year ended September 30, 2017, two donors provided 25%, and two foundations, representing 43 donors, provided 36% of total contributions.

#### CONTRIBUTED GOODS AND SERVICES

Contributed goods are recorded at the fair market value at the time of the contribution. Contributed services are recorded as contributions at their estimated fair values at the date of donation if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amount was recognized in the consolidated financial statements for contributed services in 2018 or 2017. Seed Company generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Seed Company with specific assistance programs, campaign solicitations and various committee assignments. The organization receives more than 8,500 volunteer hours per year, these services 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 compensation for Wycliffe member staff. These services are recorded at the compensation expense amount incurred by the affiliate organization. See Note 10 for contributed services from affiliates recorded.

#### ALLOCATION OF EXPENSES

All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing program and supporting services are allocated and summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. The supporting services are indispensable to the conduct of the program activities and to Seed Company's existence.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 3. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

	September 30,	
	2018	2017
Investor event deposits	\$ 483,360	\$ 441,956
Investor event prepaid expenses	585,631	202,259
Other prepaid expenses	598,812	510,389
Other receivables, including partner advances	247,826	230,468
Other assets	-	11,860
	<u>\$ 1,915,629</u>	<u>\$ 1,396,932</u>

### 4. INVESTMENTS:

	September 30,	
	2018	2017
Investments consist of the following:		
Investments at fair market value:		
Long term investment with RIACII	\$ 4,061,536	\$ 3,524,720
Investments at cost plus accrued interest:		
Short term investment with RIACII	<u>14,833,178</u>	<u>17,021,539</u>
	<u>\$ 18,894,714</u>	<u>\$ 20,546,259</u>
Investment income consist of the following:		
Interest income	\$ 410,483	\$ 390,543
Realized and unrealized gains on investments	<u>438,183</u>	<u>367,735</u>
	<u>\$ 848,666</u>	<u>\$ 758,278</u>

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

	September 30,	
	2018	2017
Software	\$ 2,399,972	\$ 1,105,768
Leasehold improvements	1,824,231	1,824,231
Furniture and equipment	1,091,588	1,091,961
Website	167,402	195,713
Company and overseas vehicles	141,600	188,731
	5,624,793	4,406,404
Less accumulated depreciation	(2,153,955)	(1,300,474)
	3,470,838	3,105,930
*Construction in progress	1,724,724	946,429
	\$ 5,195,562	\$ 4,052,359

\*Construction in progress is related to several software and technology initiatives that Seed Company has in process.

6. OPERATING LEASES:

Seed Company has entered into operating lease agreements expiring through 2022 for office space and various equipment. Per the office space agreement, the lessor agreed to pay for leasehold improvements up to \$604,983. This is considered a lease incentive and, the total costs of the leasehold improvements were capitalized and the amount paid directly by the lessor (\$604,983) was recorded as a deferred lease incentive liability (statements of financial position) to be amortized (\$2,517 per month) over the life of the lease as an offset against rent expense. Seed Company incurred \$446,263 and \$467,717 in rental expense during the years ended September 30, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	
2019	\$ 428,719
2020	431,934
2021	470,944
2022	480,098
2023	489,952
Thereafter	1,355,399
	\$ 3,657,046

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 7. UNRESTRICTED NET ASSETS:

Unrestricted net assets consist of the following:

	September 30,	
	2018	2017
Undesignated	\$ (150,964)	\$ 2,105,017
Equity in property and equipment and intangible a	4,961,579	3,507,914
Board-designated operating reserve	8,083,333	6,983,333
	<u>\$ 12,893,948</u>	<u>\$ 12,596,264</u>

### 8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	September 30,	
	2018	2017
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 19,461,895	\$ 19,245,135
Time restricted:		
Beneficial interest in split-interest agreements	621,810	542,723
	<u>\$ 20,083,705</u>	<u>\$ 19,787,858</u>

### 9. EXPENSES:

Salaries of Wycliffe members assigned to Seed Company are primarily funded by donors through related organizations (support from affiliates). In some cases, Seed Company provides financial partnership to Wycliffe members. Included in Seed Company's fiscal 2018 and 2017 expenses, yet funded through affiliated organizations, are \$483,360 and \$660,618, respectively, of salary expenses in administration and fund-raising.

### 10. EMPLOYEE RETIREMENT PLAN:

Seed Company has established a 403(b) retirement plan. Seed Company contributes 3% of annual salary and matches employee contributions at 100% up to 2% of annual salary. Employees are eligible for the plan after completely satisfying the earnings requirement and service requirements. Employees are vested over a two year period. For the years ended September 30, 2018 and 2017, Seed Company contributed \$405,342 and \$326,118 to this plan, respectively.



# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 11. TRANSACTIONS WITH RELATED ENTITIES:

Seed Company had assets held with related entities as follows:

	September 30,	
	2018	2017
Cash:		
SIL	\$ 327,938	\$ 73,463
Investments:		
RIACII	18,894,714	20,546,259
Beneficial interest in split-interest agreements:*		
WF	621,810	542,723
	\$ 19,844,462	\$ 21,162,445

\*Seed Company is a named beneficiary in annuity and trust agreements held and administered by WF. The Foundation estimates Seed Company's remainder interest in these agreements.

Seed Company had amounts due to a related entity as follows:

	September 30,	
	2018	2017
SIL	\$ 450,699	\$ 524,690

Seed Company received support and revenue from related entities. Such amounts are included in support and revenue and were received as follows:

	Year Ended September 30,	
	2018	2017
Wycliffe organizations	\$ 7,276,031	\$ 6,552,724

Of the total amounts received from affiliates, approximately \$5,098,000 and \$5,130,000 were non-cash contributions consisting of the value of labor by members assigned to Seed Company during the years ended September 30, 2018 and 2017, respectively. For the years ended September 30, 2018 and 2017, there was \$26,000 and \$750,000, respectively, of service income received from affiliates.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to consolidated financial statements

September 30, 2018 and 2017

### 12. FAIR VALUE MEASUREMENTS:

Seed Company uses appropriate valuation techniques to determine fair value based on inputs available. When available, Seed Company 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 have the lowest priority.

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.

*Long-term investments:* Long-term investments 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 the Seed Company's proportionate interest in the capital of the invested funds.

*Beneficial interest in split-interest agreements:* Beneficial interest in split-interest agreements is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and an appropriate discount rate.

*Changes in methods and assumptions:* None.

Fair value of assets measured on a recurring basis as of September 30, 2018, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long term investment with RIACII	<u>\$ -</u>	<u>\$ 4,061,536</u>	<u>\$ -</u>	<u>\$ 4,061,536</u>
Beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ 621,810</u>	<u>\$ -</u>	<u>\$ 621,810</u>

Fair value of assets measured on a recurring basis as of September 30, 2017, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Long term investment with RIACII	<u>\$ -</u>	<u>\$ 3,524,720</u>	<u>\$ -</u>	<u>\$ 3,524,720</u>
Beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ 542,723</u>	<u>\$ -</u>	<u>\$ 542,723</u>

# **THE WYCLIFFE SEED COMPANY, INC.**

## **Notes to consolidated financial statements**

September 30, 2018 and 2017

### 12. FAIR VALUE MEASUREMENTS, continued:

The Seed Company uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The Seed Company's investments include one pooled fund that calculates NAV per share (or its equivalent) and uses an investment strategy that includes long and short term strategies. This fund has no lockup restrictions and is normally redeemable upon notice. There are no unfunded commitments and no redemption restrictions in place at year end. The Seed Company's investment in this fund was \$4,061,536 and \$3,524,720 as of September 30, 2018 and 2017, respectively.

### 13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 11, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTARY DATA**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
The Wycliffe Seed Company, Inc.  
Arlington, Texas

We have audited the consolidated financial statements of The Wycliffe Seed Company, Inc., and Avodah Labs, Inc., as of and for the years ended September 30, 2018 and 2017, and our report thereon dated February 11, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and consolidating statements of activities are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is 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 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*

Grapevine, Texas  
February 11, 2019

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statement of Financial Position

	September 30, 2018			
	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents (Note 2)	\$ 8,573,519	\$ 56,703	\$ -	\$ 8,630,222
Prepaid expenses and other assets	1,915,629	-	-	1,915,629
Investments (Note 4)	18,894,714	-	-	18,894,714
Beneficial interest in split-interest agreements (Note 11)	621,810	-	-	621,810
Intangible assets under development (Note 2)	-	280,215	-	280,215
Property and equipment—net of accumulated depreciation (Note 5)	5,195,562	-	-	5,195,562
	<u>\$ 35,201,234</u>	<u>\$ 336,918</u>	<u>\$ -</u>	<u>\$ 35,538,152</u>
<b>Total Assets</b>				
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,478,465	\$ 117,137	\$ -	\$ 1,595,602
Amounts due to related entities (Note 10)	450,699	-	-	450,699
Deferred lease incentive (Note 6)	514,198	-	-	514,198
	<u>2,443,362</u>	<u>117,137</u>	<u>-</u>	<u>2,560,499</u>
<b>Net assets:</b>				
Unrestricted(Note 7)	12,674,167	219,781	-	12,893,948
Temporarily restricted (Note 8)	20,083,705	-	-	20,083,705
	<u>32,757,872</u>	<u>219,781</u>	<u>-</u>	<u>32,977,653</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 35,201,234</u>	<u>\$ 336,918</u>	<u>\$ -</u>	<u>\$ 35,538,152</u>

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statement of Activities

Year Ended September 30, 2018

	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 41,862,223	\$ 1,116,425	\$ (1,178,700)	\$ 41,799,948
Support from affiliates (Note 10):				
Wycliffe contributions	2,178,151	-	-	2,178,151
Member support	5,097,880	-	-	5,097,880
Service income	276,567	-	-	276,567
Investment income (Note 4)	848,666	-	-	848,666
Other income (loss)	64,133	-	-	64,133
Total support and revenue	50,327,620	1,116,425	(1,178,700)	50,265,345
<b>OPERATING EXPENSES:</b>				
Program services—Bible translation	38,502,411	825,235	(1,178,700)	38,148,946
General and administration services	3,807,707	71,409	-	3,879,116
Fund-raising services	7,643,752	-	-	7,643,752
Total expenses	49,953,870	896,644	(1,178,700)	49,671,814
Change in Net Assets	373,750	219,781	-	593,531
Net Assets, Beginning of Year	32,384,122	-	-	32,384,122
Net Assets, End of Year	\$ 32,757,872	\$ 219,781	\$ -	\$ 32,977,653

See notes to consolidated financial statements