



THE WYCLIFFE SEED COMPANY, INC.

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2020 and 2019

# 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, 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  
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, 2020 and 2019, 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.

***Emphasis of Matter***

The Wycliffe Seed Company, Inc. 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*

Grapevine, Texas  
February 11, 2021

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statements of Financial Position

	September 30,	
	2020	2019
<b>ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 27,738,498	\$ 10,367,372
Grants receivable (Note 2)	2,048,714	-
Prepaid expenses and other assets (Note 4)	1,042,947	1,975,122
Investments (Note 5)	10,803,465	12,954,733
Beneficial interest in split-interest agreements (Note 13)	553,192	764,572
Investment in Avodah Partners, LLC (Note 2)	1,197,385	1,197,385
Property and equipment—net of accumulated depreciation (Note 6)	1,873,118	3,554,598
<b>Total Assets</b>	<b>\$ 45,257,319</b>	<b>\$ 30,813,782</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses (Note 2)	\$ 1,588,734	\$ 1,818,612
Paycheck Protection Program loan (Note 12)	2,271,475	-
Amounts due to related entities (Note 13)	79,057	197,586
Deferred lease incentive (Note 7)	453,704	483,951
	4,392,970	2,500,149
<b>Net assets:</b>		
Without donor restrictions (Note 8)	15,187,803	9,185,914
With donor restrictions (Note 9)	25,676,546	19,127,719
	40,864,349	28,313,633
<b>Total Liabilities and Net Assets</b>	<b>\$ 45,257,319</b>	<b>\$ 30,813,782</b>

See notes to consolidated financial statements

## THE WYCLIFFE SEED COMPANY, INC.

### Consolidated Statements of Activities

	Year Ended September 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 8,646,748	\$ 46,832,790	\$ 55,479,538	\$ 4,640,362	\$ 37,942,668	\$ 42,583,030
Support from affiliates (Note 13):						
Wycliffe contributions	37,563	-	37,563	40,062	505,188	545,250
Member support	759,819	-	759,819	787,285	-	787,285
Service income	15,000	-	15,000	15,000	-	15,000
Investment income (Note 5)	603,716	-	603,716	474,158	-	474,158
Other income	(83,195)	-	(83,195)	9,414	-	9,414
Net assets released from restrictions:						
Field operations adjustments	9,329,919	(9,329,919)	-	6,483,998	(6,483,998)	-
Administrative assessments (19% administration & fundraising)	8,906,537	(8,906,537)	-	6,951,347	(6,951,347)	-
Satisfaction of program restrictions	22,047,507	(22,047,507)	-	25,968,497	(25,968,497)	-
<b>Total Support and Revenue</b>	<b>50,263,614</b>	<b>6,548,827</b>	<b>56,812,441</b>	<b>45,370,123</b>	<b>(955,986)</b>	<b>44,414,137</b>
<b>OPERATING EXPENSES:</b>						
Program services–Bible translation	39,210,423	-	39,210,423	42,299,964	-	42,299,964
General and administration services	3,396,574	-	3,396,574	3,491,922	-	3,491,922
Fundraising services	5,516,203	-	5,516,203	7,258,727	-	7,258,727
<b>Total Expenses</b>	<b>48,123,200</b>	<b>-</b>	<b>48,123,200</b>	<b>53,050,613</b>	<b>-</b>	<b>53,050,613</b>
Change in Net Assets before Equity Transfer	2,140,414	6,548,827	8,689,241	(7,680,490)	(955,986)	(8,636,476)
Equity Transfer from Wycliffe Bible Translators, Inc.	3,861,475	-	3,861,475	3,972,456	-	3,972,456
<b>Change in Net Assets</b>	<b>6,001,889</b>	<b>6,548,827</b>	<b>12,550,716</b>	<b>(3,708,034)</b>	<b>(955,986)</b>	<b>(4,664,020)</b>
Net Assets, Beginning of Year	9,185,914	19,127,719	28,313,633	12,893,948	20,083,705	32,977,653
<b>Net Assets, End of Year</b>	<b>\$ 15,187,803</b>	<b>\$ 25,676,546</b>	<b>\$ 40,864,349</b>	<b>\$ 9,185,914</b>	<b>\$ 19,127,719</b>	<b>\$ 28,313,633</b>

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 12,550,716	\$ (4,664,020)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,501,963	2,078,642
Realized and unrealized gains on investments	(245,006)	(157,266)
Loss on disposal of property and equipment	174,617	-
Change in value of split-interest agreements	211,380	(142,762)
Changes in assets and liabilities:		
Grants receivable	(2,048,714)	-
Prepaid expenses and other assets	932,175	(59,493)
Accounts payable and accrued expenses	(229,878)	223,010
Amounts due to affiliated entities	(118,529)	(253,113)
Deferred lease incentive	(30,247)	(30,247)
Net Cash Provided (Used) by Operating Activities	12,698,477	(3,005,249)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(6,650,490)	(302,752)
Purchases of intangible assets under development	-	(917,170)
Proceeds from sale of investments	9,046,764	6,400,000
Proceeds from sale of property and equipment	4,900	-
Purchase of property and equipment	-	(437,679)
Net Cash Provided by Investing Activities	2,401,174	4,742,399
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck Protection Program loan proceeds	2,271,475	-
Net Cash Provided by Financing Activities	2,271,475	-
Change in Cash and Cash Equivalents	17,371,126	1,737,150
Cash and Cash Equivalents, Beginning of Year	10,367,372	8,630,222
Cash and Cash Equivalents, End of Year	\$ 27,738,498	\$ 10,367,372

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 1. NATURE OF ORGANIZATION:

The Wycliffe Seed Company, Inc. (Seed Company) is a religious non-profit corporation incorporated in the state of Texas, 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 one of the fastest growing Bible translation organizations 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.

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.

In May 2019, the Avodah Labs, Inc. board made the decision to move intellectual property assets and future technology developments into a for-profit corporate structure. As a result, a structure of companies to allow this to happen was created. Avodah Labs, Inc. remains as a 501(c)3 entity, and the following entities were formed: Avodah, Inc. (a C Corp), Avodah Partners, LLC and Avodah General Partners, LLC. Avodah Partners, LLC owns 100% of Avodah, Inc., Avodah Labs, Inc. has 99% ownership of Avodah Partners, LLC and Avodah General Partners, LLC owns 1% of Avodah Partners, LLC. Avodah Labs, Inc. is the limited partner and Avodah General Partners, LLC, is the general partner of Avodah Partners, LLC. As a result, Avodah Labs, Inc. does not control or consolidate with Avodah Partners, LLC.

Once these organizations were established, Avodah Labs, Inc. transferred its patent rights to Avodah Partners, LLC, who then transferred them to Avodah, Inc. In the months to follow, Avodah Labs, Inc. assisted in the restructuring to make Avodah, Inc. operational by the fiscal year starting October 1, 2019.



# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

*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.

*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 2,000 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 (donor 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.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

1. NATURE OF ORGANIZATION, continued:

*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.

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 LEAD helps local, community-based organizations use their own language to improve their quality of life. SIL, JAARS, and SIL LEAD 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.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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

#### 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 consist of cash on hand, checking accounts, and cash on deposit with a related entity. From time to time, balances in these accounts may exceed federally insured limits. As of September 30, 2020 and 2019, Seed Company had cash balances exceeding federally insured limits by approximately \$27,293,000 and \$8,100,000, 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, 2020 and 2019, Seed Company had \$3,196,644 and \$494,951, respectively, deposited with a related entity functioning as a money market account.

#### GRANTS RECEIVABLE

Grants receivable is amounts due from grant agreements to fund program activities. Management believes 100% of this receivable will be collected and has not established an allowance for doubtful accounts. The grants receivable is due within one year of the consolidated statements of financial position date.

#### INVESTMENTS

Seed Company had investment funds placed with RIACII during the years ended September 30, 2020 and 2019. 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, 2020 and 2019) 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.

During September 2020, Seed Company moved the majority of their investments held with RIACII to a new investment custodian. This new custodian invested Seed Company funds in equities, mutual funds, and cash equivalents. Equities and mutual funds are valued at fair value and cash equivalents are valued at cost plus accrued interest.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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

#### INVESTMENTS, continued

Investment income from RIACII consists of interest income earned on the short-term portfolio and net income or loss allocated to the long-term portfolio. Investment income from RIACII recorded in the consolidated statements of activities for 2020 and 2019 was \$556,213 and \$316,892, respectively. 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 Seed Company holds \$4,223 and \$12,954,733 (0.004% and 14%), 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.

#### 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
Leasehold improvements	20 years
Equipment and furnishings	3 to 10 years
Website development/software	2 to 3 years
Vehicles	5 years

#### INVESTMENT IN AVODAH PARTNERS, LLC

Investment in Avodah Partners, LLC consist of a 99% interest in Avodah Partners, LLC which is valued at cost minus impairment as the investment does not have a readily determinable value. As of both September 30, 2020 and 2019, Seed Company determined that the investment was not impaired.

#### 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 both 2020 and 2019, Seed Company received approximately \$1,200,000 in matching grants 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 was accrued in the amount of \$587,335 and \$58,367, respectively, and is included in accounts payable and accrued expenses.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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

#### NET ASSETS

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

*Net assets without donor restrictions* 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 the board requires management to 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 three months of operating expenses.

*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.

#### 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 net assets with donor restrictions to net assets without donor restrictions at the time the contribution is received.

For the years ended September 30, 2020 and 2019, Wycliffe USA provided 32% and 46%, respectively, of total support from affiliates. Of the total support from affiliates, 95% and 59% is non-cash contributions consisting of the value of member labor from other affiliated organizations, respectively (Note 13).

For the year ended September 30, 2020, three donors provided 29%, and five foundations, representing 130 donors, provided 47% of total contributions. For the year ended September 30, 2019, two donors provided 19% and three foundations, representing 89 donors, provided 42% of total contributions.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

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

#### 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. 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 12,600 volunteer hours per year, these services are not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

Equity transfer from Wycliffe Bible Translators, Inc. represents the value of compensation for Wycliffe member staff. These services are recorded at the compensation expense amount incurred by the affiliate organization and are shown as an equity transfer on the consolidated statements of activities. See Note 13 for contributed services from affiliates recorded. This presentation is in conformity with Accounting Standards Update (ASU) No. 2016-14 Presentation of Financial Statements of Not-for-Profit Entities. Prior year services received from Wycliffe member staff was reclassified to conform to current year presentation.

#### EXPENSES

Expenses are recorded when incurred. Accounts payable and accrued expenses represent expenses that have been incurred but not paid as of fiscal year end.

#### ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Seed Company. These expenses included depreciation, information technology, and facilities operations and maintenance. Depreciation is allocated based on square footage. Costs of other categories were allocated based on estimates of time and effort.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958)—*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Seed Company 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 Seed Company recording \$2,048,714 of grants receivable as of September 30, 2020.

In 2016, FASB issued Accounting Standards Update (ASU) No. 2016-01, Not-for-Profit Entities (Topic 958)—*Recognition and Measurement of Financial Assets and Liabilities*. The Seed Company adopted the provisions of this standard in the current year. Adoption of this standard determined the methodology for valuing Seed Company's interest in Avodah Partners, LLC.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Seed Company's financial assets as of September 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	September 30,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 27,738,498	\$ 10,367,372
Grants receivable	2,048,714	-
Investments	10,803,465	12,954,733
Beneficial interest in split-interest agreements	553,192	764,572
Investment in Avodah Partners, LLC	1,197,385	1,197,385
Financial assets, at year-end	42,341,254	25,284,062
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Beneficial interest in split-interest agreements	(553,192)	(764,572)
Investment in Avodah Partners, LLC	(1,197,385)	(1,197,385)
Donor restricted funds, not expected to be spent in the next fiscal year	(2,115,921)	-
Board-designated operating reserves	(5,790,272)	(5,769,833)
	(9,656,770)	(7,731,790)
	\$ 32,684,484	\$ 17,552,272

As part of Seed Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets are available for language projects, translations, and other operational initiatives. These programs are considered general expenditures of Seed Company and thus are considered available to fund operations in fiscal year 2021. Due to the uncertainty caused by the COVID-19 pandemic, Seed Company took a conservative approach to spending in fiscal year 2020 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, Seed Company anticipates a liquidity level commensurate with normal program activities.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 4. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

	September 30,	
	2020	2019
Investor event deposits	\$ 164,756	\$ 529,198
Investor event prepaid expenses	30,700	318,227
Other prepaid expenses	257,369	601,811
Other receivables, including partner advances	590,122	525,886
	<u>\$ 1,042,947</u>	<u>\$ 1,975,122</u>

### 5. INVESTMENTS:

	September 30,	
	2020	2019
Investments consist of the following:		
Investments at fair value:		
Mutual funds	\$ 1,768,157	\$ -
Equities	1,565,772	-
Investments at net asset value:		
Long-term investment with RIACII	-	4,273,016
Investments at cost plus accrued interest:		
Cash and cash equivalents	7,469,536	8,681,717
	<u>\$ 10,803,465</u>	<u>\$ 12,954,733</u>

Investment income consists of the following:

Interest income	\$ 358,710	\$ 316,892
Realized and unrealized gains on investments	245,006	157,266
	<u>\$ 603,716</u>	<u>\$ 474,158</u>



# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

	September 30,	
	2020	2019
Software	\$ 3,251,115	\$ 3,368,739
Leasehold improvements	1,824,231	1,824,231
Furniture and equipment	896,071	1,085,733
Website	167,402	167,402
Company and overseas vehicles	141,600	141,600
	6,280,419	6,587,705
Less accumulated depreciation	(4,546,751)	(3,315,796)
	1,733,668	3,271,909
*Construction in progress	139,450	282,689
	\$ 1,873,118	\$ 3,554,598

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

7. 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 (consolidated statements of financial position) to be amortized (\$2,517 per month) over the life of the lease as an offset against rent expense. As of September 30, 2020 and 2019, the unamortized balance of the deferred lease was \$453,704 and \$483,951, respectively. Seed Company incurred \$482,179 and \$467,924 in rental expense during the years ended September 30, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 488,301
2022	488,608
2023	498,462
2024	508,561
2025	518,912
Thereafter	349,435
	\$ 2,852,279

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of the following:

	September 30,	
	2020	2019
Undesignated	\$ 9,397,531	\$ 3,416,081
Board-designated operating reserve	5,790,272	5,769,833
	<u>\$ 15,187,803</u>	<u>\$ 9,185,914</u>

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2020	2019
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 25,123,354	\$ 18,363,147
Time restricted:		
Beneficial interest in split-interest agreements	553,192	764,572
	<u>\$ 25,676,546</u>	<u>\$ 19,127,719</u>

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 10. NATURAL CLASSIFICATION OF EXPENSES:

Functional expenses by natural classification for the year ended September 30, 2020:

	Program Services– Bible Translation	General and Administration Services	Fundraising Services	Total
Compensation and benefits	\$ 13,833,456	\$ 2,322,045	\$ 2,975,188	\$ 19,130,689
Grants	17,617,376	90,000	-	17,707,376
Travel, conference, and meetings	1,555,908	259,934	1,381,339	3,197,181
Information technology	2,653,446	186,052	54,804	2,894,302
Professional services	1,256,696	204,464	660,880	2,122,040
Depreciation	1,368,315	65,655	67,993	1,501,963
Office expenses	458,773	146,417	230,346	835,536
Occupancy	374,366	92,111	85,412	551,889
Advertising and promotion	67,770	2,331	52,541	122,642
Other	24,317	27,565	7,700	59,582
	<u>\$ 39,210,423</u>	<u>\$ 3,396,574</u>	<u>\$ 5,516,203</u>	<u>\$ 48,123,200</u>

Functional expenses by natural classification for the year ended September 30, 2019:

	Program Services– Bible Translation	General and Administration Services	Fundraising Services	Total
Compensation and benefits	\$ 12,935,330	\$ 2,208,776	\$ 3,787,799	\$ 18,931,905
Grants	19,827,312	100,000	-	19,927,312
Travel, conference, and meetings	3,086,813	319,860	1,928,456	5,335,129
Information technology	920,322	149,647	95,491	1,165,460
Professional services	2,599,542	368,004	960,226	3,927,772
Depreciation	1,918,053	79,267	81,321	2,078,641
Office expenses	532,491	144,667	241,058	918,216
Occupancy	380,322	86,235	98,484	565,041
Advertising and promotion	68,458	6,075	56,244	130,777
Other	31,321	29,391	9,648	70,360
	<u>\$ 42,299,964</u>	<u>\$ 3,491,922</u>	<u>\$ 7,258,727</u>	<u>\$ 53,050,613</u>

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 11. 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, 2020 and 2019, Seed Company contributed \$435,996 and \$460,998 to this plan, respectively.

### 12. PAYCHECK PROTECTION PROGRAM LOAN:

As part of the response to the impact of COVID-19, Seed Company 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. Seed Company was approved for a loan in the amount of \$2,271,475 on May 3, 2020. The PPP loan provides for potential loan forgiveness up to the full amount of the loan provided Seed Company 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.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 13. TRANSACTIONS WITH RELATED ENTITIES:

Seed Company had assets held with related entities as follows:

	September 30,	
	2020	2019
Cash:		
SIL	\$ 3,196,644	\$ 494,951
Short-term and long-term investments:		
RIACII	4,223	12,954,733
Beneficial interest in split-interest agreements:*		
Wycliffe Foundation (WF)	553,192	764,572
	\$ 3,754,059	\$ 14,214,256

\*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,	
	2020	2019
SIL	\$ 79,057	\$ 197,586

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,	
	2020	2019
Wycliffe organizations	\$797,382	\$1,332,535

Of the total amounts received from affiliates, approximately \$760,000 and \$787,000 were non-cash contributions consisting of the value of labor by members assigned to Seed Company and assessment income from member support during the years ended September 30, 2020 and 2019, respectively. The equity transfer in the amount of \$3,861,475 and \$3,972,456 from Wycliffe Bible Translators, consists of the value of Wycliffe USA members assigned to Seed Company during the years ended September 30, 2020 and 2019, respectively. In aggregate, total support and revenue and equity transfers from Wycliffe organizations is \$4,658,857 and \$5,304,991, respectively, for the years ended September 30, 2020 and 2019. For both years ended September 30, 2020 and 2019, there was \$15,000, of service income received from affiliates.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 14. 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.

*Level 1 fair value measurements:* Investments consisting of unadjusted quoted prices in active markets for identical assets, such as mutual funds and equities, are classified as Level 1 investments.

*Level 3 fair value measurements:* 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.

*Long-term investments at net asset value:* 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.

*Changes in methods and assumptions:* There have been no changes to Seed Company's methods and assumptions in valuing the underlying investments.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

14. FAIR VALUE MEASUREMENTS, continued:

Fair value of investments measured on a recurring basis as of September 30, 2020, are as follows:

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Mutual funds	\$ 1,768,157	\$ 1,768,157	\$ -	\$ -
Equities	1,565,772	1,565,772	-	-
	3,333,929	\$ 3,333,929	\$ -	\$ -
Reconciling items at cost:				
Cash and cash equivalents	7,469,536			
Total investments	\$10,803,465			
Beneficial interest in split-interest agreements	\$ 553,192	\$ -	\$ -	\$ 553,192

Investments as of September 30, 2019, consist of the following:

	Total	Level 1	Level 2	Level 3
Investments at net asset value:				
Long-term investments with RIACII	\$ 4,273,016			
Investments at cost:				
Cash and cash equivalents	8,681,717			
Total investments	\$12,954,733			
Beneficial interest in split-interest agreements	\$ 764,572	\$ -	\$ -	\$ 764,572

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 \$0 and \$4,273,016 as of September 30, 2020 and 2019, respectively.

# THE WYCLIFFE SEED COMPANY, INC.

## Notes to Consolidated Financial Statements

September 30, 2020 and 2019

### 15. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the 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. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of the Seed Company for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

### 16. 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 repaid its Paycheck Protection Program loan in full.



## **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, 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position 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, 2021

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidating Statement of Financial Position

	September 30, 2020			
	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents (Note 2)	\$ 27,738,317	\$ 181	\$ -	\$ 27,738,498
Grant receivable (Note 2)	2,048,714	-	-	2,048,714
Prepaid expenses and other assets	1,042,947	-	-	1,042,947
Investments (Note 5)	10,803,465	-	-	10,803,465
Beneficial interest in split-interest agreements (Note 13)	553,192	-	-	553,192
Investment in Avodah Partners LLC (Note 2)	-	1,197,385	-	1,197,385
Property and equipment—net of accumulated depreciation (Note 6)	1,873,118	-	-	1,873,118
	<u>\$ 44,059,753</u>	<u>\$ 1,197,566</u>	<u>\$ -</u>	<u>\$ 45,257,319</u>
<b>Total Assets</b>	<b>\$ 44,059,753</b>	<b>\$ 1,197,566</b>	<b>\$ -</b>	<b>\$ 45,257,319</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses (Note 2)	\$ 1,579,510	\$ 9,224	\$ -	\$ 1,588,734
Paycheck Protection Program loan (Note 12)	2,271,475	-	-	2,271,475
Amounts due to related entities (Note 13)	79,057	-	-	79,057
Deferred lease incentive (Note 7)	453,704	-	-	453,704
	<u>4,383,746</u>	<u>9,224</u>	<u>-</u>	<u>4,392,970</u>
<b>Net assets:</b>				
Without donor restrictions (Note 8)	13,999,461	1,188,342	-	15,187,803
With donor restrictions (Note 9)	25,676,546	-	-	25,676,546
	<u>39,676,007</u>	<u>1,188,342</u>	<u>-</u>	<u>40,864,349</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 44,059,753</b>	<b>\$ 1,197,566</b>	<b>\$ -</b>	<b>\$ 45,257,319</b>

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidating Statement of Activities

Year Ended September 30, 2020

	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 55,479,538	\$ 23,502	\$ (23,502)	\$ 55,479,538
Support from affiliates (Note 13):				
Wycliffe contributions	37,563	-	-	37,563
Member support	759,819	-	-	759,819
Service income	15,000	-	-	15,000
Investment income (Note 5)	603,716	-	-	603,716
Other income	(172,633)	89,438	-	(83,195)
<b>Total Support and Revenue</b>	<b>56,723,003</b>	<b>112,940</b>	<b>(23,502)</b>	<b>56,812,441</b>
<b>OPERATING EXPENSES:</b>				
Program services—Bible translation	39,233,925	-	(23,502)	39,210,423
General and administration services	3,377,520	19,054	-	3,396,574
Fundraising services	5,516,203	-	-	5,516,203
<b>Total Expenses</b>	<b>48,127,648</b>	<b>19,054</b>	<b>(23,502)</b>	<b>48,123,200</b>
Change in Net Assets Before Equity Transfer	8,595,355	93,886	-	8,689,241
Equity Transfer from Wycliffe Bible Translators, Inc.	3,861,475	-	-	3,861,475
Change in Net Assets	12,456,830	93,886	-	12,550,716
Net Assets, Beginning of Year	27,219,177	1,094,456	-	28,313,633
Net Assets, End of Year	\$ 39,676,007	\$ 1,188,342	\$ -	\$ 40,864,349

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidating Statement of Financial Position

	September 30, 2019			
	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents (Note 2)	\$ 10,361,456	\$ 5,916	\$ -	\$ 10,367,372
Prepaid expenses and other assets	1,975,122	-	-	1,975,122
Investments (Note 5)	12,954,733	-	-	12,954,733
Beneficial interest in split-interest agreements (Note 13)	764,572	-	-	764,572
Investment in Avodah Partners LLC (Note 2)	-	1,197,385	-	1,197,385
Property and equipment—net of accumulated depreciation (Note 6)	3,554,598	-	-	3,554,598
	<u>\$ 29,610,481</u>	<u>\$ 1,203,301</u>	<u>\$ -</u>	<u>\$ 30,813,782</u>
<b>Total Assets</b>				
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses (Note 2)	\$ 1,709,767	\$ 108,845	\$ -	\$ 1,818,612
Amounts due to related entities (Note 13)	197,586	-	-	197,586
Deferred lease incentive (Note 7)	483,951	-	-	483,951
	<u>2,391,304</u>	<u>108,845</u>	<u>-</u>	<u>2,500,149</u>
<b>Net assets:</b>				
Without donor restrictions (Note 8)	8,091,458	1,094,456	-	9,185,914
With donor restrictions (Note 9)	19,127,719	-	-	19,127,719
	<u>27,219,177</u>	<u>1,094,456</u>	<u>-</u>	<u>28,313,633</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 29,610,481</u>	<u>\$ 1,203,301</u>	<u>\$ -</u>	<u>\$ 30,813,782</u>

See notes to consolidated financial statements

# THE WYCLIFFE SEED COMPANY, INC.

## Consolidating Statement of Activities

Year Ended September 30, 2019

	Wycliffe Seed Company, Inc.	Avodah Labs, Inc.	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 42,583,030	\$ 1,556,700	\$ (1,556,700)	\$ 42,583,030
Support from affiliates (Note 13):				
Wycliffe contributions	545,250	-	-	545,250
Member support	787,285	-	-	787,285
Service income	15,000	-	-	15,000
Investment income (Note 5)	474,158	-	-	474,158
Other income	9,414	-	-	9,414
Total Support and Revenue	44,414,137	1,556,700	(1,556,700)	44,414,137
<b>OPERATING EXPENSES:</b>				
Program services—Bible translation	43,327,238	501,076	(1,528,350)	42,299,964
General and administration services	3,356,719	163,553	(28,350)	3,491,922
Fundraising services	7,241,331	17,396	-	7,258,727
Total Expenses	53,925,288	682,025	(1,556,700)	53,050,613
Change in Net Assets Before Equity Transfer	(9,511,151)	874,675	-	(8,636,476)
Equity Transfer from Wycliffe Bible Translators, Inc.	3,972,456	-	-	3,972,456
Change in Net Assets	(5,538,695)	874,675	-	(4,664,020)
Net Assets, Beginning of Year	32,757,872	219,781	-	32,977,653
Net Assets, End of Year	\$ 27,219,177	\$ 1,094,456	\$ -	\$ 28,313,633

See notes to consolidated financial statements