



THE WYCLIFFE SEED COMPANY, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2021 and 2020

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 financial statements of The Wycliffe Seed Company, Inc., which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Wycliffe Seed Company, Inc. as of September 30, 2021 and 2020, 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

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, 2021 financial statements. Our opinion is not modified with respect to this matter.

Related Party Relationship

The accompanying 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, 2021 and 2020, have been issued separately with the independent auditors' report.

Capin Crouse LLP

Irving, Texas
February 7, 2022

THE WYCLIFFE SEED COMPANY, INC.

Statements of Financial Position

| | September 30, | |
|---|----------------------|----------------------|
| | 2021 | 2020 |
| ASSETS: | | |
| Cash and cash equivalents (Note 2) | \$ 12,162,465 | \$ 27,738,498 |
| Grants receivable (Note 2) | 3,830,764 | 2,048,714 |
| Prepaid expenses and other assets (Note 4) | 3,787,869 | 1,042,947 |
| Investments (Note 5) | 34,963,375 | 10,803,465 |
| Beneficial interest in split-interest agreements (Note 13) | 665,143 | 553,192 |
| Investment in Avodah Partners, LLC (Note 2) | - | 1,197,385 |
| Property and equipment—net of accumulated depreciation (Note 6) | 1,538,645 | 1,873,118 |
| Total Assets | \$ 56,948,261 | \$ 45,257,319 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses (Note 2) | \$ 1,280,731 | \$ 1,588,734 |
| Paycheck Protection Program loan (Note 12) | - | 2,271,475 |
| Amounts due to related entities (Note 13) | 120,589 | 79,057 |
| Deferred lease incentive (Note 7) | 423,457 | 453,704 |
| Total liabilities | 1,824,777 | 4,392,970 |
| Net assets: | | |
| Without donor restrictions (Note 8) | 18,324,532 | 15,187,803 |
| With donor restrictions (Note 9) | 36,798,952 | 25,676,546 |
| Total net assets | 55,123,484 | 40,864,349 |
| Total Liabilities and Net Assets | \$ 56,948,261 | \$ 45,257,319 |

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Activities

| | Year Ended September 30, | | | | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | 2021 | | | 2020 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING: | | | | | | |
| Support and Revenue: | | | | | | |
| Contributions | \$ 5,140,358 | \$ 46,089,700 | \$ 51,230,058 | \$ 8,646,748 | \$ 46,832,790 | \$ 55,479,538 |
| Support from affiliates (Note 13): | | | | | | |
| Wycliffe contributions | 179,337 | 131,667 | 311,004 | 37,563 | - | 37,563 |
| Member support | 882,315 | - | 882,315 | 759,819 | - | 759,819 |
| Service income | - | - | - | 15,000 | - | 15,000 |
| Investment income (Note 5) | 1,160,772 | - | 1,160,772 | 603,716 | - | 603,716 |
| Other income (loss) | 21,800 | - | 21,800 | (83,195) | - | (83,195) |
| Net assets released from restrictions: | | | | | | |
| Field operations adjustments | 10,750,818 | (10,750,818) | - | 9,329,919 | (9,329,919) | - |
| Administrative assessments (19% administration & fundraising) | 8,543,347 | (8,543,347) | - | 8,906,537 | (8,906,537) | - |
| Satisfaction of program restrictions | 15,804,796 | (15,804,796) | - | 22,047,507 | (22,047,507) | - |
| Total Support and Revenue | 42,483,543 | 11,122,406 | 53,605,949 | 50,263,614 | 6,548,827 | 56,812,441 |
| Expenses: | | | | | | |
| Program services–Bible translation | 32,359,445 | - | 32,359,445 | 39,210,423 | - | 39,210,423 |
| General and administration services | 2,812,995 | - | 2,812,995 | 3,396,574 | - | 3,396,574 |
| Fundraising services | 6,692,373 | - | 6,692,373 | 5,516,203 | - | 5,516,203 |
| Total Expenses | 41,864,813 | - | 41,864,813 | 48,123,200 | - | 48,123,200 |
| Change in Net Assets from Operations | 618,730 | 11,122,406 | 11,741,136 | 2,140,414 | 6,548,827 | 8,689,241 |
| NON-OPERATING: | | | | | | |
| Grant expense due to deconsolidation (Note 1) | (1,188,342) | - | (1,188,342) | - | - | - |
| Equity Transfer from Wycliffe Bible Translators, Inc. | 3,706,341 | - | 3,706,341 | 3,861,475 | - | 3,861,475 |
| Change in Net Assets | 3,136,729 | 11,122,406 | 14,259,135 | 6,001,889 | 6,548,827 | 12,550,716 |
| Net Assets, Beginning of Year | 15,187,803 | 25,676,546 | 40,864,349 | 9,185,914 | 19,127,719 | 28,313,633 |
| Net Assets, End of Year | \$ 18,324,532 | \$ 36,798,952 | \$ 55,123,484 | \$ 15,187,803 | \$ 25,676,546 | \$ 40,864,349 |

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Cash Flows

| | Year Ended September 30, | |
|--|--------------------------|---------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from donors | \$ 49,638,724 | \$ 53,648,761 |
| Cash received from other income | 228,280 | 321,663 |
| Cash received from interest and dividends | 212,585 | 363,591 |
| Cash paid to grantees | (15,865,839) | (17,726,161) |
| Cash paid to vendors and suppliers | (9,233,677) | (9,068,288) |
| Cash paid for compensation and benefits | (15,063,956) | (14,722,560) |
| Cash received from (paid to) related entities | 41,532 | (118,529) |
| Net Cash Provided by Operating Activities | 9,957,649 | 12,698,477 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (23,217,265) | (6,650,490) |
| Purchase of property and equipment | (52,442) | - |
| Proceeds from sale of investments | - | 9,046,764 |
| Proceeds from sale of property and equipment | 7,500 | 4,900 |
| Net Cash Provided (Used) by Investing Activities | (23,262,207) | 2,401,174 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program loan | - | 2,271,475 |
| Principal payments on Paycheck Protection Program loan | (2,271,475) | - |
| Net Cash (Used) Provided by Financing Activities | (2,271,475) | 2,271,475 |
| Net Change in Cash and Cash Equivalents | (15,576,033) | 17,371,126 |
| Cash and Cash Equivalents, Beginning of Year | 27,738,498 | 10,367,372 |
| Cash and Cash Equivalents, End of Year | \$ 12,162,465 | \$ 27,738,498 |

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

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.

Seed Company established Avodah Labs Inc. (Avodah) in Florida in 2017; however, on October 1, 2020, Seed Company’s board of directors decided to relinquish control and grant the net assets back to them. Accordingly, Avodah’s assets and liabilities were removed from the financial statements as of that date. The net of these amounts was \$1,188,342 and is recorded as a non-operating grant expense due to deconsolidation in the statement of activities for the year ended September 30, 2021.

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 1,900 language groups who do not have full access to God’s promises and truth, now is the time to act.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

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.

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 financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RELATED ENTITIES

Related entities, not included in these 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.
- Wycliffe Foundation is a California nonprofit corporation headquartered in Orlando, Florida. It supports 501(c)(3) tax-exempt organizations that are involved in Bible translation by engaging in gift planning services and planned gift administration. Some of the planned giving instruments that are used by Wycliffe Foundation include wills, annuities, trusts, endowments, and donor-advised funds.

ESTIMATES

The preparation of 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 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, 2021 and 2020, Seed Company had cash balances exceeding federally insured limits by approximately \$11,002,000 and \$27,293,000, 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, 2021 and 2020, Seed Company had \$991,092 and \$3,196,644, respectively, deposited with a related entity functioning as a money market account.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GRANTS RECEIVABLE

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

INVESTMENTS

Seed Company had investment funds placed with RIACII during the years ended September 30, 2021 and 2020. 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, 2021 and 2020) 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. As of September 30, 2021, all investments have been moved to the new custodian. Seed Company funds are invested 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.

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 statements of activities for 2021 and 2020, was \$7 and \$556,213, respectively. As of September 30, 2021 and 2020, RIACII reported total assets with a fair value of approximately \$97,178,000 and \$87,918,000 respectively, of which Seed Company holds \$-0- and \$4,233.

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 |

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENT IN AVODAH PARTNERS, LLC

Investment in Avodah Partners, LLC consisted of a 99% interest in Avodah Partners, LLC which was valued at cost minus impairment as the investment did not have a readily determinable value. As of September 30, 2020, Seed Company determined that the investment was not impaired. This investment was granted out during the year ended September 30, 2021.

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 2021 and 2020, Seed Company received approximately \$260,000 and \$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, 2021 and 2020, a deferred matching contribution revenue was accrued in the amount of \$-0- and \$587,335, respectively, and is included in accounts payable and accrued expenses.

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 whereby the board requires management to set aside a portion of available unrestricted net assets to fund a board-designated operating reserve. The policy 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, 2021 and 2020, Wycliffe USA provided 35% and 32%, respectively, of total support from affiliates. Of the total support from affiliates, 74% and 95% is non-cash contributions consisting of the value of member labor from other affiliated organizations, respectively (Note 13).

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND SERVICE INCOME, continued

For the year ended September 30, 2021, two donors provided 39%, and three foundations, representing 174 donors, provided 41% of total contributions. For the year ended September 30, 2020, three donors provided 29% and five foundations, representing 130 donors, provided 47% 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. 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. While the organization receives more than 11,800 volunteer hours per year, these services are not recognized as contributions in the financial statements because the recognition criteria are 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 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*.

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 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 resource provider provisions of this new standard during the year ended September 30, 2021 on the modified prospective approach. Adoption of this standard as a resource provider resulted in Seed Company recording approximately \$1,800,000 of advances held by field partners as of September 30, 2021. These funds were transferred to partners as of September 30, 2021, however, management believes these to be conditional on future expenditures and/or future reporting based on the understanding with the grantees.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Seed Company's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

| | September 30, | |
|--|---------------|---------------|
| | 2021 | 2020 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 12,162,465 | \$ 27,738,498 |
| Grants receivable | 3,830,764 | 2,048,714 |
| Investments | 34,963,375 | 10,803,465 |
| Beneficial interest in split-interest agreements | 665,143 | 553,192 |
| Investment in Avodah Partners, LLC | - | 1,197,385 |
| Financial assets, at year-end | 51,621,747 | 42,341,254 |
| Less those unavailable for general expenditure within one year, due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Beneficial interest in split-interest agreements | (665,143) | (553,192) |
| Investment in Avodah Partners, LLC | - | (1,197,385) |
| Donor restricted funds, not expected to be spent in the next fiscal year | (4,074,791) | (2,115,921) |
| Board-designated operating reserves | (5,729,619) | (5,790,272) |
| | (10,469,553) | (9,656,770) |
| | \$ 41,152,194 | \$ 32,684,484 |

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 2022. As of September 30, 2021, the Seed Company has agreed to grant out approximately \$19,700,000 for 690 different projects during the next fiscal year. Amounts are estimated and subject to change based on cash flow needs for the various projects. Management believes these to be conditional on future expenditures and/or future reporting based on the understanding with the grantees. Therefore, they have not been recorded as payables in the accompanying statements of financial position.

Due to the continued uncertainty caused by the COVID-19 pandemic, Seed Company continued with its conservative approach to spending in fiscal year 2021 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 Financial Statements

September 30, 2021 and 2020

4. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

| | September 30, | |
|---|---------------|--------------|
| | 2021 | 2020 |
| Investor event deposits | \$ 524,608 | \$ 164,756 |
| Investor event prepaid expenses | 48,732 | 30,700 |
| Other prepaid expenses | 459,371 | 257,369 |
| Other receivables, including partner advances | 2,755,158 | 590,122 |
| | \$ 3,787,869 | \$ 1,042,947 |

5. INVESTMENTS:

Investments consist of the following:

| | September 30, | |
|--|---------------|---------------|
| | 2021 | 2020 |
| Investments at fair value: | | |
| Mutual funds | \$ 27,466,219 | \$ 1,768,157 |
| Equities | 6,450,999 | 1,565,772 |
| Investments at cost plus accrued interest: | | |
| Cash and cash equivalents | 1,046,157 | 7,469,536 |
| | \$ 34,963,375 | \$ 10,803,465 |

Investment income consists of the following:

| | Year Ended September 30, | |
|--|--------------------------|------------|
| | 2021 | 2020 |
| Interest income | \$ 212,585 | \$ 358,710 |
| Realized and unrealized gains on investments | 948,187 | 245,006 |
| | \$ 1,160,772 | \$ 603,716 |

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

| | September 30, | |
|-------------------------------|---------------|--------------|
| | 2021 | 2020 |
| Software | \$ 1,515,202 | \$ 3,251,115 |
| Leasehold improvements | 1,853,844 | 1,824,231 |
| Furniture and equipment | 918,897 | 896,071 |
| Website | 167,402 | 167,402 |
| Company and overseas vehicles | 101,201 | 141,600 |
| | 4,556,546 | 6,280,419 |
| Less accumulated depreciation | (3,157,351) | (4,546,751) |
| | 1,399,195 | 1,733,668 |
| *Construction in progress | 139,450 | 139,450 |
| | \$ 1,538,645 | \$ 1,873,118 |

*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 2026 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. As of September 30, 2021 and 2020, the unamortized balance of the deferred lease was \$423,457 and \$453,704, respectively. Seed Company incurred \$507,996 and \$482,179 in rental expense during the years ended September 30, 2021 and 2020, respectively.

Future minimum lease payments are as follows:

| <u>Year Ending September 30,</u> | |
|----------------------------------|--------------|
| 2022 | \$ 497,262 |
| 2023 | 504,007 |
| 2024 | 507,890 |
| 2025 | 518,242 |
| 2026 | 348,988 |
| | \$ 2,376,389 |

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of the following:

| | September 30, | |
|--------------------------------------|----------------------|----------------------|
| | 2021 | 2020 |
| Undesignated | \$ 11,479,725 | \$ 7,978,117 |
| Equity in property and equipment—net | 1,115,188 | 1,419,414 |
| Board-designated operating reserve | 5,729,619 | 5,790,272 |
| | <u>\$ 18,324,532</u> | <u>\$ 15,187,803</u> |

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

| | September 30, | |
|--|----------------------|----------------------|
| | 2021 | 2020 |
| Purpose restricted: | | |
| Language projects, translations, and other initiatives | \$ 36,133,809 | \$ 25,123,354 |
| Time restricted: | | |
| Beneficial interest in split-interest agreements | <u>665,143</u> | <u>553,192</u> |
| | <u>\$ 36,798,952</u> | <u>\$ 25,676,546</u> |

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Notes to Financial Statements

September 30, 2021 and 2020

10. NATURAL CLASSIFICATION OF EXPENSES:

Functional expenses by natural classification for the year ended September 30, 2021:

| | Program Services– Bible Translation | General and Administration Services | Fundraising Services | Total |
|----------------------------------|--|---|-------------------------|----------------------|
| Compensation and benefits | \$ 14,031,717 | \$ 1,858,769 | \$ 3,649,225 | \$ 19,539,711 |
| Grants | 13,640,473 | 20,540 | 2,860 | 13,663,873 |
| Travel, conference, and meetings | 967,348 | 65,239 | 1,679,210 | 2,711,797 |
| Information technology | 1,018,363 | 105,114 | 66,781 | 1,190,258 |
| Professional services | 1,477,746 | 373,156 | 943,110 | 2,794,012 |
| Depreciation | 311,836 | 42,465 | 32,614 | 386,915 |
| Office expenses | 505,324 | 183,291 | 229,619 | 918,234 |
| Occupancy | 361,180 | 153,065 | 72,936 | 587,181 |
| Advertising and promotion | 17,946 | 1,988 | 7,838 | 27,772 |
| Other | 27,512 | 9,368 | 8,180 | 45,060 |
| | <u>\$ 32,359,445</u> | <u>\$ 2,812,995</u> | <u>\$ 6,692,373</u> | <u>\$ 41,864,813</u> |

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> |

THE WYCLIFFE SEED COMPANY, INC.

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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, 2021 and 2020, Seed Company contributed \$475,850 and \$435,996 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. During the year ended September 30, 2021, Seed Company repaid the full PPP loan amount, including all accrued interest.

13. TRANSACTIONS WITH RELATED ENTITIES:

Seed Company had assets held with related entities as follows:

| | September 30, | |
|--|---------------------|---------------------|
| | 2021 | 2020 |
| Cash: | | |
| SIL | \$ 991,092 | \$ 3,196,644 |
| Short-term and long-term investments: | | |
| RIACII | - | 4,223 |
| Beneficial interest in split-interest agreements:* | | |
| Wycliffe Foundation (WF) | 665,143 | 553,192 |
| | <u>\$ 1,656,235</u> | <u>\$ 3,754,059</u> |

*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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

13. TRANSACTIONS WITH RELATED ENTITIES, continued:

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

| | September 30, | |
|-----|---------------|-----------|
| | 2021 | 2020 |
| SIL | \$ 120,589 | \$ 79,057 |

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, | |
|------------------------|--------------------------|------------|
| | 2021 | 2020 |
| Wycliffe organizations | \$ 1,193,319 | \$ 797,382 |

Of the total amounts received from affiliates, \$882,315 and \$759,819 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, 2021 and 2020, respectively. The equity transfer in the amount of \$3,706,341 and \$3,861,475 from Wycliffe Bible Translators, consists of the value of Wycliffe USA members assigned to Seed Company during the years ended September 30, 2021 and 2020, respectively. In aggregate, total support and revenue and equity transfers from Wycliffe organizations is \$4,899,660 and \$4,658,857, respectively, for the years ended September 30, 2021 and 2020. For the years ended September 30, 2021 and 2020, there was \$-0- and \$15,000, of service income received from affiliates, respectively.

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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

14. FAIR VALUE MEASUREMENTS, continued:

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.

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

Fair value of investments measured on a recurring basis as of September 30, 2021, are as follows:

| | Total | Level 1 | Level 2 | Level 3 |
|--|---------------|---------------|---------|------------|
| Investments at fair value: | | | | |
| Mutual funds | \$ 27,466,219 | \$ 27,466,219 | \$ - | \$ - |
| Equities | 6,450,999 | 6,450,999 | - | - |
| | 33,917,218 | \$ 33,917,218 | \$ - | \$ - |
| Reconciling items at cost: | | | | |
| Cash and cash equivalents | 1,046,157 | | | |
| Total investments | \$ 34,963,375 | | | |
| Beneficial interest in split-interest agreements | \$ 665,143 | \$ - | \$ - | \$ 665,143 |

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2021 and 2020

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 |

15. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of 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 financial position and results of Seed Company for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

16. OPERATING AND NON-OPERATING ACTIVITIES:

The activity of Seed Company has been reported in the statements of activities in the following two categories: operating and non-operating. Operating includes the core activities of the organization. Non-operating includes all other activities that are not normally carried on in the course of Seed Company's operations such as the grant expense due to deconsolidation. Additionally, the equity transfer from Wycliffe USA is reflected in non-operating activities.

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 7, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.