



# WYCLIFFE ASSOCIATES, INC.

## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
Wycliffe Associates, Inc.  
Orlando, Florida

We have audited the accompanying consolidated financial statements of Wycliffe Associates, Inc. ("the Ministry"), which consist of the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related consolidated statement of functional expenses for the year ended September 30, 2019 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.

### ***Auditor's 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 audits 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 Ministry'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 Ministry'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.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wycliffe Associates, Inc. as of September 30, 2019 and 2018, the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Battis Morrison Wales & Lee, P.A.*

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida  
February 18, 2020

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

**WYCLIFFE ASSOCIATES, INC.**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	September 30,	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,977,896	\$ 4,846,898
Investments	13,183,825	9,890,179
Note receivable	390,782	722,293
Property and equipment, net	1,668,821	1,625,713
Other assets	951,836	977,492
<b>Total assets</b>	<b>\$ 20,173,160</b>	<b>\$ 18,062,575</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 717,047	\$ 762,740
<b>Total liabilities</b>	<b>717,047</b>	<b>762,740</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Net investment in property and equipment	1,668,821	1,625,713
Undesignated	12,703,323	11,957,485
Total without donor restrictions	14,372,144	13,583,198
With donor restrictions	5,083,969	3,716,637
<b>Total net assets</b>	<b>19,456,113</b>	<b>17,299,835</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,173,160</b>	<b>\$ 18,062,575</b>

**WYCLIFFE ASSOCIATES, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	For The Year Ended September 30, 2019			For The Year Ended September 30, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Contributions without donor restrictions	\$ 18,138,018	\$ —	\$ 18,138,018	\$ 16,600,526
Contributions with donor restrictions	—	11,188,857	11,188,857	7,790,770
Contributed services and facilities usage	19,136,839	—	19,136,839	12,220,362
Net assets released from restrictions	<u>9,821,525</u>	<u>(9,821,525)</u>	<u>—</u>	<u>—</u>
 Total contributions and net assets released from restrictions	 47,096,382	 1,367,332	 48,463,714	 36,611,658
Net investment income	604,846	—	604,846	359,854
Other income	<u>66,196</u>	<u>—</u>	<u>66,196</u>	<u>673,426</u>
 <b>Total public support and revenue and net assets released from restrictions</b>	 <b><u>47,767,424</u></b>	 <b><u>1,367,332</u></b>	 <b><u>49,134,756</u></b>	 <b><u>37,644,938</u></b>
 <b>EXPENSES</b>				
Program activities				
Bible translation ministries	<u>37,688,222</u>	<u>—</u>	<u>37,688,222</u>	<u>30,060,864</u>
Supporting activities				
Fundraising	7,127,167	—	7,127,167	6,781,543
Management and general	<u>2,163,089</u>	<u>—</u>	<u>2,163,089</u>	<u>2,901,195</u>
 Total supporting activities	 <u>9,290,256</u>	 <u>—</u>	 <u>9,290,256</u>	 <u>9,682,738</u>
 <b>Total expenses</b>	 <b><u>46,978,478</u></b>	 <b><u>—</u></b>	 <b><u>46,978,478</u></b>	 <b><u>39,743,602</u></b>
 <b>Change in net assets without donor restrictions</b>	 <b>788,946</b>	 <b>—</b>	 <b>788,946</b>	 <b>(2,697,246)</b>
 <b>Change in net assets with donor restrictions</b>	 <b><u>—</u></b>	 <b><u>1,367,332</u></b>	 <b><u>1,367,332</u></b>	 <b><u>598,582</u></b>
 <b>CHANGE IN NET ASSETS</b>	 <b>788,946</b>	 <b>1,367,332</b>	 <b>2,156,278</b>	 <b>(2,098,664)</b>
 <b>NET ASSETS - Beginning of year</b>	 <b><u>13,583,198</u></b>	 <b><u>3,716,637</u></b>	 <b><u>17,299,835</u></b>	 <b><u>19,398,499</u></b>
 <b>NET ASSETS - End of year</b>	 <b><u>\$ 14,372,144</u></b>	 <b><u>\$ 5,083,969</u></b>	 <b><u>\$ 19,456,113</u></b>	 <b><u>\$ 17,299,835</u></b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**WYCLIFFE ASSOCIATES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For The Years Ended	
	September 30,	
	2019	2018
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 29,326,875	\$ 24,391,296
Other revenue received	340,224	1,189,093
Cash paid for operating activities and costs	<u>(27,748,230)</u>	<u>(27,615,412)</u>
<b>Net operating cash flows</b>	<b><u>1,918,869</u></b>	<b><u>(2,035,023)</u></b>
<b>INVESTING CASH FLOWS</b>		
Net (purchases) sales of investments	(2,962,828)	4,019,024
Net purchases of and improvements to property and equipment	(156,554)	(33,313)
Collections on note receivable	<u>331,511</u>	<u>203,395</u>
<b>Net investing cash flows</b>	<b><u>(2,787,871)</u></b>	<b><u>4,189,106</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(869,002)</b>	<b>2,154,083</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>4,846,898</u></b>	<b><u>2,692,815</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 3,977,896</u></b>	<b><u>\$ 4,846,898</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 2,156,278	\$ (2,098,664)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	113,446	153,040
Net gain on investments	(330,818)	(179,292)
Loss on disposals	—	335,105
Change in other assets	25,656	(19,280)
Change in accounts payable and accrued expenses	<u>(45,693)</u>	<u>(225,932)</u>
<b>Net operating cash flows</b>	<b><u>\$ 1,918,869</u></b>	<b><u>\$ (2,035,023)</u></b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**WYCLIFFE ASSOCIATES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended September 30, 2019

	Program activities	Fundraising	Management and general	Total supporting services	Total expenses
Contributed services	\$ 19,136,839	\$ —	\$ —	\$ —	\$ 19,136,839
Compensation	6,848,006	1,838,815	1,318,765	3,157,580	10,005,586
Contracted services	1,938,651	3,546,322	283,822	3,830,144	5,768,795
Ministry & projects	4,542,472	88	—	88	4,542,560
Travel	2,321,640	279,634	44,595	324,229	2,645,869
Office	787,326	1,210,829	169,369	1,380,198	2,167,524
Events	1,053,541	75,208	—	75,208	1,128,749
General	374,902	50,017	290,844	340,861	715,763
Equipment & maintenance	335,805	17,481	26,618	44,099	379,904
Utilities	306,149	41,884	25,410	67,294	373,443
Depreciation	42,891	66,889	3,666	70,555	113,446
<b>Total</b>	<b><u>\$ 37,688,222</u></b>	<b><u>\$ 7,127,167</u></b>	<b><u>\$ 2,163,089</u></b>	<b><u>\$ 9,290,256</u></b>	<b><u>\$ 46,978,478</u></b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**WYCLIFFE ASSOCIATES, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES**

Wycliffe Associates, Inc. (“the Ministry”) is a not-for-profit Florida corporation. The Ministry’s purpose is to identify, mobilize, and foster relationships with volunteers to involve people in the advancement of Bible translation worldwide through programs of prayer, financial stewardship, and volunteer service.

In connection with its purpose, the Ministry collaborates with global church networks in its efforts to accelerate the advancement of Bible translation worldwide. No control relationship or common control exists between the Ministry and the global church networks.

**Consolidation**

The Ministry has eight entities for which it maintains the authority to appoint or elect the governing bodies. These separate legal entities are utilized to carry on specific work in various countries where the use of a separate entity provides practical or legal advantages. For security purposes, the names of the entities are not specifically disclosed in these notes. In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the Ministry’s financial statements are consolidated with the financial statements of these organizations. All significant interorganization accounts and transactions have been eliminated in consolidation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Ministry recognizes cash contributions as revenue when the contributions are received by the Ministry. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.”

**Cash and cash equivalents**

The Ministry considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

**Investments**

Investments are carried at estimated fair value.

**Note receivable**

The Ministry’s note receivable is stated net of an allowance, if any. The Ministry estimates the allowance based on an analysis of the note, taking into consideration collection history, the age of any past due amounts, and assessment of the debtor’s ability to pay. The note is considered past due when payments are not made in accordance with specified terms. The note would be written off upon management’s determination that the amount is uncollectible.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

**WYCLIFFE ASSOCIATES, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional allocation of expenses**

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**Income taxes**

The Ministry is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Ministry is further classified as a public charity and not a private foundation for federal tax purposes. A certain affiliate is a taxable subsidiary which is subject to both federal and state income taxes. The Ministry's other affiliates are considered disregarded entities for federal tax purposes. The Ministry has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those related to the estimated fair value of investments, the useful lives of property and equipment, and the estimated value of contributed services and facilities usage. Actual results could differ from the estimates.

**Recently issued accounting pronouncement**

Financial Accounting Standards Board Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities is effective for the Ministry's consolidated financial statements for the year ended September 30, 2019. The ASU requires various changes to the presentation of financial statements for not-for-profit entities, the most significant of which relate to the classifications of net assets, a requirement to report expenses by natural classification as well as by functional classification, and new required disclosures related to an entity's liquidity and availability of resources. The adoption of the ASU had no effect on the Ministry's consolidated net assets as of October 1, 2017 or the consolidated change in net assets presented for the year ended September 30, 2018. As allowed by applicable guidance, the Ministry has chosen not to retrospectively apply provisions not required to be applied to the September 30, 2018 consolidated financial statements.

**Subsequent events**

The Ministry has evaluated for possible financial reporting and disclosure subsequent events through February 18, 2020, the date as of which the consolidated financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available within one year of the consolidated statement of financial position as of September 30, 2019 for general expenditure are as follows:

Financial assets available:	
Cash and cash equivalents	\$ 3,977,896
Investments	<u>13,183,825</u>
Total financial assets available	17,161,721
Less: amounts unavailable due to donor-imposed restrictions	<u>(5,083,969)</u>
Net financial assets available within one year	<u>\$ 12,077,752</u>



**WYCLIFFE ASSOCIATES, INC.**  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The Ministry is primarily supported by contributions. As part of the Ministry’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry has certain assets limited to use for donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Ministry must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditures within one year of September 30, 2019, and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Ministry has sufficient cash and investments available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

**NOTE D – CONCENTRATIONS OF CREDIT RISK**

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Ministry’s investments are held by a single custodian.

**NOTE E – FAIR VALUE MEASUREMENTS**

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – quoted prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar investments)

Level 3 – significant unobservable inputs

The estimated fair value of certain assets, which are measured on a recurring basis at September 30, 2019, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Obligations of the U.S. government or its agencies	\$ 4,982,409	\$ 4,982,409	\$ —	\$ —
Corporate bonds	4,194,678	4,194,678	—	—
Mutual funds	<u>4,006,738</u>	<u>4,006,738</u>	<u>—</u>	<u>—</u>
Total investments	<u>\$ 13,183,825</u>	<u>\$ 13,183,825</u>	<u>\$ —</u>	<u>\$ —</u>

**WYCLIFFE ASSOCIATES, INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE E – FAIR VALUE MEASUREMENTS (Continued)**

The estimated fair value of certain assets, which are measured on a recurring basis at September 30, 2018, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Obligations of the U.S. government or its agencies	\$ 3,702,642	\$ 3,702,642	\$ —	\$ —
Corporate bonds	3,102,812	3,102,812	—	—
Mutual funds	<u>3,084,725</u>	<u>3,084,725</u>	<u>—</u>	<u>—</u>
Total investments	<u>\$ 9,890,179</u>	<u>\$ 9,890,179</u>	<u>\$ —</u>	<u>\$ —</u>

**NOTE F – NOTE RECEIVABLE**

Note receivable consists of an unsecured promissory note from an unrelated party requiring principal and interest payments as detailed in the note agreement. The note bears interest at 5% through December 2020 and increases to 15% thereafter until the stated maturity date in April 2030.

**NOTE G – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>Category</u>	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 2,991,116	\$ 2,996,415
Construction in progress	<u>129,112</u>	<u>—</u>
Total property and equipment	3,120,228	2,996,415
Less: Accumulated depreciation	<u>(1,451,407)</u>	<u>(1,370,702)</u>
Net property and equipment	<u>\$ 1,668,821</u>	<u>\$ 1,625,713</u>

Depreciation expense amounted to \$113,446 and \$153,040 for the years ended September 30, 2019 and 2018, respectively.

The Ministry entered into a 99-year operating lease agreement with Wycliffe Bible Translators, Inc. (“WBT”) for office facilities in exchange for annual lease payments of \$1 plus required taxes, maintenance, and insurance. The Ministry recognized approximately \$879,000 (the estimated fair rental value) as contribution revenue related to this lease, which is included in the accompanying consolidated statements of activities as “contributed services and facilities usage,” for each of the years ended September 30, 2019 and 2018, respectively.

**WYCLIFFE ASSOCIATES, INC.**  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE H – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were donor restricted for the following purposes during the year ended September 30, 2019:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Field projects	\$ 2,638,877	\$ 8,117,046	\$ (6,753,742)	\$ 4,002,181
Missionary support	<u>1,077,760</u>	<u>3,071,811</u>	<u>(3,067,783)</u>	<u>1,081,788</u>
Total	<u>\$ 3,716,637</u>	<u>\$ 11,188,857</u>	<u>\$ (9,821,525)</u>	<u>\$ 5,083,969</u>

Net assets were donor restricted for the following purposes during the year ended September 30, 2018:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Field projects	\$ 1,758,989	\$ 4,277,213	\$ (3,397,325)	\$ 2,638,877
Missionary support	<u>1,359,066</u>	<u>3,513,557</u>	<u>(3,794,863)</u>	<u>1,077,760</u>
Total	<u>\$ 3,118,055</u>	<u>\$ 7,790,770</u>	<u>\$ (7,192,188)</u>	<u>\$ 3,716,637</u>

**NOTE I – RETIREMENT PLAN**

The Ministry maintains a Section 403(b) retirement plan for the benefit of its employees (“the Plan”). Eligible employees may make elective deferrals to the Plan up to the amount allowed under Internal Revenue Service guidelines. The Ministry may also make an annual discretionary contribution to the Plan on behalf of its employees. Employees vest immediately in elective deferrals and employer contributions. During the years ended September 30, 2019 and 2018, the Ministry contributed approximately \$366,000 and \$362,000 to the Plan, respectively.

**NOTE J – FUNDRAISING EXPENSES**

During the years ended September 30, 2019 and 2018, the Ministry incurred joint costs in the approximate amount of \$2,950,000 and \$2,663,000, respectively, for informational activities that included fundraising appeals in connection with the Ministry’s exempt purposes. Of those costs, approximately \$2,719,000 and \$2,445,000 were allocated to Bible translation ministries expense and \$231,000 and \$218,000 were allocated to fundraising expense in the accompanying consolidated statements of activities for the years ended September 30, 2019 and 2018, respectively.

**NOTE K – CONTRIBUTED SERVICES**

Volunteers provide labor and other services for various Ministry activities. Contributed services meeting the criteria for revenue recognition in conformity with accounting principles generally accepted in the United States amounted to approximately \$18,258,000 and \$11,341,000 for the years ended September 30, 2019 and 2018, respectively, and are included in the accompanying consolidated statements of activities as “contributed services and facilities usage” revenue. Volunteer services during the years ended September 30, 2019 and 2018 not meeting the criteria for recognition in conformity with U.S. GAAP have been estimated by management to be approximately \$1,777,000 and \$2,692,000, respectively (unaudited). The estimated value of such services is not reflected in the accompanying consolidated financial statements.