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CERTIFIED PUBLIC ACCOUNTANTS

Wycliffe Associates, Inc.

Consolidated Financial Statements

For The Years Ended September 30, 2023 and 2022



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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITOR

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

Opinion

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, 2023 and 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Ministry and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor’s Responsibility for the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
January 8, 2024

WYCLIFFE ASSOCIATES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,093,159	\$ 1,770,295
Investments	13,273,828	16,269,834
Other assets	869,045	746,233
Property and equipment, net	247,025	296,006
Total assets	\$ 16,483,057	\$ 19,082,368

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 777,692	\$ 829,826
Total liabilities	777,692	829,826
NET ASSETS		
Without donor restrictions		
Net investment in property and equipment	247,025	296,006
Undesignated	8,884,671	10,446,746
Total without donor restrictions	9,131,696	10,742,752
With donor restrictions	6,573,669	7,509,790
Total net assets	15,705,365	18,252,542
Total liabilities and net assets	\$ 16,483,057	\$ 19,082,368

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

WYCLIFFE ASSOCIATES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Contributions	\$ 17,827,573	\$ 4,315,629	\$ 22,143,202	\$ 15,763,611	\$ 7,953,158	\$ 23,716,769
Contributed services and facilities usage	15,560,868	—	15,560,868	18,180,208	—	18,180,208
Net assets released from restrictions	<u>5,251,750</u>	<u>(5,251,750)</u>	<u>—</u>	<u>5,767,230</u>	<u>(5,767,230)</u>	<u>—</u>
 Total contributions and net assets released from restrictions	 38,640,191	 (936,121)	 37,704,070	 39,711,049	 2,185,928	 41,896,977
Net investment income (loss)	1,205,861	—	1,205,861	(2,084,351)	—	(2,084,351)
Other income (loss)	<u>8,995</u>	<u>—</u>	<u>8,995</u>	<u>(18,847)</u>	<u>—</u>	<u>(18,847)</u>
 Total public support and revenue and net assets released from restrictions	 <u>39,855,047</u>	 <u>(936,121)</u>	 <u>38,918,926</u>	 <u>37,607,851</u>	 <u>2,185,928</u>	 <u>39,793,779</u>
 EXPENSES						
Program activities						
Bible translation ministries	<u>31,553,174</u>	<u>—</u>	<u>31,553,174</u>	<u>35,048,290</u>	<u>—</u>	<u>35,048,290</u>
Supporting activities						
Fundraising	7,496,385	—	7,496,385	7,567,572	—	7,567,572
Management and general	<u>2,416,544</u>	<u>—</u>	<u>2,416,544</u>	<u>2,418,983</u>	<u>—</u>	<u>2,418,983</u>
 Total supporting activities	 <u>9,912,929</u>	 <u>—</u>	 <u>9,912,929</u>	 <u>9,986,555</u>	 <u>—</u>	 <u>9,986,555</u>
 Total expenses	 <u>41,466,103</u>	 <u>—</u>	 <u>41,466,103</u>	 <u>45,034,845</u>	 <u>—</u>	 <u>45,034,845</u>
 CHANGE IN NET ASSETS	 (1,611,056)	 (936,121)	 (2,547,177)	 (7,426,994)	 2,185,928	 (5,241,066)
 NET ASSETS - Beginning of year	 <u>10,742,752</u>	 <u>7,509,790</u>	 <u>18,252,542</u>	 <u>18,169,746</u>	 <u>5,323,862</u>	 <u>23,493,608</u>
 NET ASSETS - End of year	 <u>\$ 9,131,696</u>	 <u>\$ 6,573,669</u>	 <u>\$ 15,705,365</u>	 <u>\$ 10,742,752</u>	 <u>\$ 7,509,790</u>	 <u>\$ 18,252,542</u>

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,	
	2023	2022
OPERATING CASH FLOWS		
Cash received from contributors	\$ 22,143,202	\$ 23,716,769
Other revenue received	393,630	161,826
Cash paid for operating activities and costs	<u>(26,011,460)</u>	<u>(25,975,563)</u>
Net operating cash flows	<u>(3,474,628)</u>	<u>(2,096,968)</u>
INVESTING CASH FLOWS		
Net proceeds from sales (purchases) of investments	3,817,232	(1,289,944)
Net purchases of and improvements to property and equipment	<u>(19,740)</u>	<u>(39,134)</u>
Net investing cash flows	<u>3,797,492</u>	<u>(1,329,078)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	322,864	(3,426,046)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,770,295</u>	<u>5,196,341</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 2,093,159</u>	<u>\$ 1,770,295</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (2,547,177)	\$ (5,241,066)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	68,721	58,082
Net (gain) loss on investments	(821,226)	2,265,024
Change in other assets	(122,812)	363,422
Change in accounts payable and accrued expenses	<u>(52,134)</u>	<u>457,570</u>
Net operating cash flows	<u>\$ (3,474,628)</u>	<u>\$ (2,096,968)</u>

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

WYCLIFFE ASSOCIATES, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2023

	Supporting activities				Total expenses
	Program activities	Fundraising	Management and general	Total supporting activities	
Contributed services	\$ 15,560,869	\$ —	\$ —	\$ —	\$ 15,560,869
Compensation	5,469,155	1,202,091	1,429,842	2,631,933	8,101,088
Contracted services	1,686,929	4,551,464	292,685	4,844,149	6,531,078
Ministry & projects	4,387,414	—	5,074	5,074	4,392,488
Office	600,056	1,382,913	171,988	1,554,901	2,154,957
Travel	1,640,170	182,798	41,406	224,204	1,864,374
Events	1,360,735	60,681	346	61,027	1,421,762
General	261,034	31,620	382,123	413,743	674,777
Utilities	331,966	56,125	25,599	81,724	413,690
Equipment & maintenance	233,439	24,368	24,492	48,860	282,299
Depreciation	21,407	4,325	42,989	47,314	68,721
Total	<u>\$ 31,553,174</u>	<u>\$ 7,496,385</u>	<u>\$ 2,416,544</u>	<u>\$ 9,912,929</u>	<u>\$ 41,466,103</u>

For The Year Ended September 30, 2022

	Supporting activities				Total expenses
	Program activities	Fundraising	Management and general	Total supporting activities	
Contributed services	\$ 18,180,208	\$ —	\$ —	\$ —	\$ 18,180,208
Compensation	5,182,736	1,213,332	1,447,704	2,661,036	7,843,772
Contracted services	2,147,532	4,556,464	323,278	4,879,742	7,027,274
Ministry & projects	5,247,280	3,236	666	3,902	5,251,182
Office	531,297	1,445,184	166,094	1,611,278	2,142,575
Travel	1,619,984	181,847	30,431	212,278	1,832,262
Events	1,245,832	61,269	845	62,114	1,307,946
General	336,672	31,313	369,625	400,938	737,610
Utilities	269,004	47,071	21,223	68,294	337,298
Equipment & maintenance	274,729	25,393	16,514	41,907	316,636
Depreciation	13,016	2,463	42,603	45,066	58,082
Total	<u>\$ 35,048,290</u>	<u>\$ 7,567,572</u>	<u>\$ 2,418,983</u>	<u>\$ 9,986,555</u>	<u>\$ 45,034,845</u>

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 formed several legal 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.

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.

Functional allocation of expenses

The consolidated statements of functional expenses present 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.

WYCLIFFE ASSOCIATES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent events

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

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the consolidated statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets available:		
Cash and cash equivalents	\$ 2,093,159	\$ 1,770,295
Investments	<u>13,273,828</u>	<u>16,269,834</u>
Total financial assets available	15,366,987	18,040,129
Less: amounts unavailable due to donor-imposed restrictions	<u>(6,573,669)</u>	<u>(7,509,790)</u>
Net financial assets available within one year	<u>\$ 8,793,318</u>	<u>\$ 10,530,339</u>

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 expenditure within one year of the date of the consolidated statements of financial position 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.

WYCLIFFE ASSOCIATES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2023, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 13,273,828	\$ 13,273,828	\$ —	\$ —
Total investments	<u>\$ 13,273,828</u>	<u>\$ 13,273,828</u>	<u>\$ —</u>	<u>\$ —</u>

The estimated fair value of certain assets, which are measured on a recurring basis at September 30, 2022, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 16,269,834	\$ 16,269,834	\$ —	\$ —
Total investments	<u>\$ 16,269,834</u>	<u>\$ 16,269,834</u>	<u>\$ —</u>	<u>\$ —</u>

WYCLIFFE ASSOCIATES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 1,182,655	\$ 1,262,304
Total property and equipment	1,182,655	1,262,304
Less: Accumulated depreciation	<u>(935,630)</u>	<u>(966,298)</u>
Net property and equipment	<u>\$ 247,025</u>	<u>\$ 296,006</u>

Depreciation expense amounted to \$68,721 and \$58,082 for the years ended September 30, 2023 and 2022, respectively.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor restricted for the following purposes during the year ended September 30, 2023:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Field projects	\$ 6,990,857	\$ 2,636,861	\$ (3,621,200)	\$ 6,006,518
Missionary support	<u>518,933</u>	<u>1,678,768</u>	<u>(1,630,550)</u>	<u>567,151</u>
Total	<u>\$ 7,509,790</u>	<u>\$ 4,315,629</u>	<u>\$ (5,251,750)</u>	<u>\$ 6,573,669</u>

Net assets were donor restricted for the following purposes during the year ended September 30, 2022:

	<u>Balance</u> <u>October 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30</u>
Field projects	\$ 4,733,235	\$ 6,277,547	\$ (4,019,925)	\$ 6,990,857
Missionary support	<u>590,627</u>	<u>1,675,611</u>	<u>(1,747,305)</u>	<u>518,933</u>
Total	<u>\$ 5,323,862</u>	<u>\$ 7,953,158</u>	<u>\$ (5,767,230)</u>	<u>\$ 7,509,790</u>

NOTE H – 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, 2023 and 2022, the Ministry contributed approximately \$277,000 and \$289,000 to the Plan, respectively.

WYCLIFFE ASSOCIATES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I – FUNDRAISING EXPENSES

During the years ended September 30, 2023 and 2022, the Ministry incurred joint costs in the approximate amount of \$2,984,000 and \$3,527,000, respectively, for informational activities that included fundraising appeals in connection with the Ministry’s exempt purposes. Of those costs, approximately \$2,845,000 and \$3,354,000 were allocated to Bible translation ministries expense and \$139,000 and \$173,000 were allocated to fundraising expense in the accompanying consolidated statements of activities for the years ended September 30, 2023 and 2022, respectively.

NOTE J – CONTRIBUTED SERVICES AND FACILITIES USAGE

Volunteers provide labor and other services utilized by the Ministry in carrying out its program activities. Contributed services meeting the criteria for revenue recognition in conformity with accounting principles generally accepted in the United States are valued using employment and wage estimates published by the U.S. Bureau of Labor Statistics and amounted to approximately \$14,545,000 and \$17,301,000 for the years ended September 30, 2023 and 2022, respectively. Such amounts are included in the accompanying consolidated statements of activities as “contributed services and facilities usage” revenue. Volunteer services during the years ended September 30, 2023 and 2022 not meeting the criteria for recognition in conformity with U.S. GAAP have been estimated by management to be approximately \$1,764,000 and \$1,293,000, respectively (unaudited). The estimated value of such services is not reflected in the accompanying consolidated financial statements.

The Ministry entered into a 99-year operating lease agreement with Wycliffe Bible Translators, Inc. (“WBT”) for office facilities utilized by the Ministry in carrying out its program activities in exchange for annual lease payments of \$1 plus required taxes, maintenance, and insurance. The Ministry recognized approximately \$1,016,000 and \$880,000 (the estimated annual 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 the years ended September 30, 2023 and 2022, respectively.