



THE WYCLIFFE SEED COMPANY, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2022 and 2021

THE WYCLIFFE SEED COMPANY, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of The Wycliffe Seed Company, Inc., which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Related Party Relationship

The accompanying 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, 2022 and 2021, have been issued separately with the independent auditors' report.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Wycliffe Seed Company, Inc. 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 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, and for 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Wycliffe Seed Company, Inc.'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 the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wycliffe Seed Company, Inc.'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.

Capin Crouse LLP

Irving, Texas
February 13, 2023

THE WYCLIFFE SEED COMPANY, INC.

Statements of Financial Position

	September 30,	
	2022	2021
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 9,592,756	\$ 12,162,465
Grants receivable (Note 2)	2,006,659	3,830,764
Prepaid expenses and other assets (Note 4)	4,976,765	3,787,869
Investments (Note 5)	65,797,473	34,963,375
Beneficial interest in split-interest agreements (Note 13)	276,322	665,143
Property and equipment—net of accumulated depreciation (Note 6)	1,306,472	1,538,645
Total Assets	\$ 83,956,447	\$ 56,948,261
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,851,581	\$ 1,280,731
Amounts due to related entities (Note 13)	193,698	120,589
Deferred lease incentive (Note 7)	393,210	423,457
Total liabilities	2,438,489	1,824,777
Net assets:		
Without donor restrictions (Note 8)	25,313,055	18,324,532
With donor restrictions (Note 9)	56,204,903	36,798,952
Total net assets	81,517,958	55,123,484
Total Liabilities and Net Assets	\$ 83,956,447	\$ 56,948,261

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Activities

	Year Ended September 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
Support and Revenue:						
Contributions	\$ 2,866,068	\$ 77,132,985	\$ 79,999,053	\$ 5,132,021	\$ 46,090,062	\$ 51,222,083
Donated services	161,267	-	161,267	8,337	-	8,337
Member labor	1,007,694	-	1,007,694	882,315	-	882,315
Investment (loss) income	(2,060,273)	-	(2,060,273)	1,160,772	-	1,160,772
Other income	3,695	-	3,695	21,800	-	21,800
Net assets released from restrictions:						
Field operations adjustments	19,299,328	(19,299,328)	-	10,750,818	(10,750,818)	-
Administrative assessments (19% administration & fundraising)	14,324,036	(14,324,036)	-	8,543,347	(8,543,347)	-
Satisfaction of program restrictions	24,113,958	(24,113,958)	-	15,804,796	(15,804,796)	-
Total Support and Revenue	59,715,773	19,395,663	79,111,436	42,304,206	10,991,101	53,295,307
Expenses:						
Program services–Bible translation	44,320,469	-	44,320,469	32,359,445	-	32,359,445
General and administration services	3,314,747	-	3,314,747	2,812,995	-	2,812,995
Fundraising services	8,968,946	-	8,968,946	6,692,373	-	6,692,373
Total Expenses	56,604,162	-	56,604,162	41,864,813	-	41,864,813
Change in Net Assets from Operations	3,111,611	19,395,663	22,507,274	439,393	10,991,101	11,430,494
NON-OPERATING:						
Change in value of beneficial interest in trusts	-	(388,821)	(388,821)	-	111,951	111,951
Grant expense due to deconsolidation	-	-	-	(1,188,342)	-	(1,188,342)
Equity transfer from Wycliffe Bible Translators, Inc.	3,876,912	399,109	4,276,021	3,885,678	19,354	3,905,032
Change in Net Assets	6,988,523	19,405,951	26,394,474	3,136,729	11,122,406	14,259,135
Net Assets, Beginning of Year	18,324,532	36,798,952	55,123,484	15,187,803	25,676,546	40,864,349
Net Assets, End of Year	\$ 25,313,055	\$ 56,204,903	\$ 81,517,958	\$ 18,324,532	\$ 36,798,952	\$ 55,123,484

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors	\$ 81,823,158	\$ 49,638,724
Cash received from other income	10,984	228,280
Cash received from interest and dividends	372,370	212,585
Cash paid to grantees	(21,181,749)	(15,865,839)
Cash paid to vendors and suppliers	(13,154,131)	(9,233,677)
Cash paid for compensation and benefits	(17,400,682)	(15,063,956)
Cash received from related entities and affiliates	73,109	41,532
Net Cash Provided by Operating Activities	30,543,059	9,957,649
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments*	(33,112,768)	(23,217,265)
Purchase of property and equipment	-	(52,442)
Proceeds from sale of property and equipment	-	7,500
Net Cash Used by Investing Activities	(33,112,768)	(23,262,207)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on Paycheck Protection Program loan	-	(2,271,475)
Net Cash Used by Financing Activities	-	(2,271,475)
Net Change in Cash and Cash Equivalents	(2,569,709)	(15,576,033)
Cash and Cash Equivalents, Beginning of Year	12,162,465	27,738,498
Cash and Cash Equivalents, End of Year	\$ 9,592,756	\$ 12,162,465

*During the year ended September 30, 2022, approximately \$5,000,000 in stock contributions were received and subsequently liquidated and reinvested.

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

AFFILIATED ENTITIES

Affiliated organizations are listed below:

- 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.
- Wycliffe USA is an interdenominational, nonprofit, missionary organization with the goal of forwarding, in every way possible, the translation of the Word of God into all those languages of the world where it is needed. Wycliffe USA controls and has an economic interest in Seed Company. Because of this, these financial statements are included in separately issued consolidated financial statements of Wycliffe USA.

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.

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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2022 and 2021, Seed Company had cash balances exceeding federally insured limits by approximately \$9,422,000 and \$11,002,000, 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, 2022 and 2021, Seed Company had \$302,132 and \$991,092, respectively, deposited with a related entity functioning as a money market account.

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 statement of financial position date.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment income (loss) without donor restrictions in the accompanying statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy.

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, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 the years ended September 30, 2022 and 2021, Seed Company received approximately \$-0- and \$260,000, respectively, in matching grants for certain translation projects that must be raised within a three-year period.

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 year ended September 30, 2022, three donors provided 46%, and two foundations, representing 163 donors, provided 40% of total contributions. For the year ended September 30, 2021, two donors provided 39%, and three foundations, representing 174 donors, provided 41% of total contributions.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DONATED GOODS AND SERVICES

Donated goods are recorded at the fair market value at the time of the contribution. Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Seed Company.

Donated services for the years ended September 30, 2022 and 2021, included in the financial statements were as follows:

	Year Ended September 30,	
	2022	2021
Wycliffe member labor	\$ 3,793,398	\$ 3,706,341
Related entities member labor	578,075	868,942
Other member labor	429,619	13,373
Investment advisory services	161,267	-
Other donated services	-	8,337
	<u>\$ 4,962,359</u>	<u>\$ 4,596,993</u>

Numerous volunteers donate significant amounts of time and perform a variety of tasks, assisting Seed Company in its charitable programs. Although no amounts have been reflected in the financial statements because the criteria for recognition of such efforts under generally accepted accounting principles have not been satisfied, management estimates those volunteer hours to be approximately 10,800 and 11,800 for the years ended September 30, 2022 and 2021, respectively.

Equity transfer from Wycliffe Bible Translators, Inc. represents contributions received from Wycliffe and 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 donated 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*.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Seed Company adopted the provisions of the new standard during the year ended September 30, 2022. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other nonfinancial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on change in net assets or net assets in total. Reclassified amounts are as follows:

	Year Ended	
	September 30, 2021	
	Previously	
	Stated	Restated
Statement of Activities:		
Total contributions	\$ 51,230,058	\$ 51,222,083
Total donated services	-	8,337
Total Wycliffe contributions	311,004	-
Total change in value of beneficial interest in trusts	-	111,951
Total equity transfer from Wycliffe Bible Translators, Inc.	3,706,341	3,905,032
	<u>\$ 55,247,403</u>	<u>\$ 55,247,403</u>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Seed Company's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	September 30,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 9,592,756	\$ 12,162,465
Grants receivable	2,006,659	3,830,764
Investments	65,797,473	34,963,375
Beneficial interest in split-interest agreements	276,322	665,143
Financial assets, at year-end	<u>77,673,210</u>	<u>51,621,747</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Beneficial interest in split-interest agreements	(276,322)	(665,143)
Donor restricted funds, not expected to be spent in the next fiscal year	(13,841,734)	(4,074,791)
Board-designated operating reserves	(8,477,649)	(5,729,619)
	<u>(22,595,705)</u>	<u>(10,469,553)</u>
	<u>\$ 55,077,505</u>	<u>\$ 41,152,194</u>

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 2023. Seed Company is planning to strategically draw down these excess reserves in the coming years.

As of September 30, 2022, the Seed Company has agreed to grant out approximately \$26,840,000 for 693 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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

4. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

	September 30,	
	2022	2021
Investor event deposits	\$ 670,124	\$ 524,608
Investor event prepaid expenses	298,554	48,732
Other prepaid expenses	858,008	459,371
Other receivables, including partner advances	3,150,079	2,755,158
	\$ 4,976,765	\$ 3,787,869

5. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2022	2021
Investments at fair value:		
Government bonds	\$ 35,819,379	\$ -
Mutual funds	15,677,245	27,466,219
Equities	10,202,900	6,450,999
Investments at cost plus accrued interest:		
Cash and cash equivalents	4,097,949	1,046,157
	\$ 65,797,473	\$ 34,963,375

Investment (loss) income consists of the following:

	Year Ended September 30,	
	2022	2021
Interest income	\$ 372,370	\$ 218,134
Realized and unrealized gains on investments	(2,242,328)	948,187
Investment fees	(190,315)	(5,549)
	\$ (2,060,273)	\$ 1,160,772

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

	<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>
Software	\$ 1,654,652	\$ 1,515,202
Leasehold improvements	1,853,844	1,853,844
Furniture and equipment	918,897	918,897
Website	167,402	167,402
Company and overseas vehicles	101,201	101,201
	<u>4,695,996</u>	<u>4,556,546</u>
Less accumulated depreciation	<u>(3,389,524)</u>	<u>(3,157,351)</u>
	1,306,472	1,399,195
Construction in progress	-	139,450
	<u>\$ 1,306,472</u>	<u>\$ 1,538,645</u>

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, 2022 and 2021, the unamortized balance of the deferred lease was \$393,210 and \$423,457, respectively. Seed Company incurred \$507,236 and \$507,996 in rental expense during the years ended September 30, 2022 and 2021, respectively.

Future minimum lease payments are as follows:

Year Ending September 30,

2023	\$ 509,881
2024	507,890
2025	518,242
2026	<u>348,988</u>
	<u>\$ 1,885,001</u>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of the following:

	September 30,	
	2022	2021
Undesignated	\$ 15,922,144	\$ 11,479,725
Equity in property and equipment—net	913,262	1,115,188
Board-designated operating reserve	8,477,649	5,729,619
	<u>\$ 25,313,055</u>	<u>\$ 18,324,532</u>

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2022	2021
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 55,928,581	\$ 36,133,809
Time restricted:		
Beneficial interest in split-interest agreements	276,322	665,143
	<u>\$ 56,204,903</u>	<u>\$ 36,798,952</u>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

10. NATURAL CLASSIFICATION OF EXPENSES:

Functional expenses by natural classification for the year ended September 30, 2022:

	Program Services– Bible Translation	General and Administration Services	Fundraising Services	Total
Compensation and benefits	\$ 16,180,479	\$ 2,076,804	\$ 4,673,322	\$ 22,930,605
Grants	20,760,762	-	-	20,760,762
Travel, conference, and meetings	2,998,882	438,053	1,931,331	5,368,266
Information technology	1,142,031	155,361	122,641	1,420,033
Professional services	1,974,980	346,008	1,740,441	4,061,429
Depreciation	140,243	42,913	49,018	232,174
Office expenses	647,643	168,754	303,006	1,119,403
Occupancy	411,100	78,343	128,012	617,455
Advertising and promotion	38,641	871	9,041	48,553
Other	25,708	7,640	12,134	45,482
	<u>\$ 44,320,469</u>	<u>\$ 3,314,747</u>	<u>\$ 8,968,946</u>	<u>\$ 56,604,162</u>

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>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

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, 2022 and 2021, Seed Company contributed \$537,471 and \$475,850 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 AND AFFILIATED ENTITIES:

Seed Company had assets held with related and affiliated entities as follows:

	September 30,	
	2022	2021
Cash:		
SIL	\$ 302,132	\$ 991,092
Beneficial interest in split-interest agreements:*		
Wycliffe Foundation (WF)	276,322	665,143
	<u>\$ 578,454</u>	<u>\$ 1,656,235</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, 2022 and 2021

13. TRANSACTIONS WITH RELATED AND AFFILIATED ENTITIES, continued:

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

	September 30,	
	2022	2021
SIL	\$ 193,698	\$ 120,589

Seed Company received support and revenue from related and affiliate entities including contributions, member labor, change in value of beneficial interest in trusts, and the equity transfer from Wycliffe USA. Member labor consists of the value of labor by members assigned to Seed Company from related organizations, including SIL and international Wycliffe organizations. The equity transfer consists of contributions from Wycliffe USA and the value of Wycliffe USA members assigned to Seed Company. Such amounts are included in support and revenue and were received as follows:

	Year Ended September 30,	
	2022	2021
Contributions from related entities	\$ 8,164	\$ 362
Member labor	\$ 1,007,694	\$ 882,315
Change in value of beneficial interest in trusts	\$ (388,821)	\$ 111,951
Equity transfer from Wycliffe Bible Translators, Inc.	\$ 4,276,021	\$ 3,905,032

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 consist of significant unobservable inputs and 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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

14. FAIR VALUE MEASUREMENTS, continued:

Fair value of investments measured on a recurring basis as of September 30, 2022, are as follows:

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Government bonds	\$ 35,819,379	\$ -	\$ 35,819,379	\$ -
Mutual funds	15,677,245	15,677,245	-	-
Equities	10,202,900	10,202,900	-	-
	61,699,524	\$ 25,880,145	\$ 35,819,379	\$ -
Reconciling items at cost:				
Cash and cash equivalents	4,097,949			
Total investments	\$ 65,797,473			
Beneficial interest in split-interest agreements	\$ 276,322	\$ -	\$ -	\$ 276,322

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2022 and 2021

14. FAIR VALUE MEASUREMENTS, continued:

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

Changes in valuation techniques: None.

Methods and assumptions used by Seed Company in estimating fair value are as follows:

Valuation techniques: Fair values for equities, mutual funds, and government bonds are based upon quoted market prices or dealer quotes in an active market.

15. 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 Seed Company. 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, change in value of beneficial interest in trusts, and equity transfer from Wycliffe Bible Translators, Inc.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 13, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.