



THE WYCLIFFE SEED COMPANY, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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.

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, 2017 and 2016, have been issued separately with the independent auditors' report.

Capin Crouse LLP

Grapevine, Texas
January 29, 2018

THE WYCLIFFE SEED COMPANY, INC.

Statements of Financial Position

	September 30,	
	2017	2016
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 7,154,121	\$ 4,430,659
Contributions receivable (Note 2)	624,911	1,858,600
Advances to partner ministries	209,351	331,640
Prepaid expenses and other assets	1,187,581	977,618
Investments (Note 4)	20,546,259	19,788,097
Beneficial interest in split-interest agreements (Note 12)	542,723	532,256
Property and equipment—net of accumulated depreciation (Note 5)	4,052,359	3,171,784
	\$ 34,317,305	\$ 31,090,654
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 864,048	\$ 833,810
Amounts due to related entities (Note 12)	524,690	428,674
Deferred lease incentive (Note 7)	544,445	574,692
	1,933,183	1,837,176
Net assets:		
Unrestricted:		
Undesignated	2,105,017	1,310,595
Equity in property and equipment—net	3,507,914	2,597,092
Board-designated operating reserve (Note 2)	6,983,333	6,666,667
	12,596,264	10,574,354
Temporarily restricted (Note 9)	19,787,858	18,679,124
	32,384,122	29,253,478
	\$ 34,317,305	\$ 31,090,654

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Activities

	Year Ended September 30,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 6,321,904	\$ 27,734,622	\$ 34,056,526	\$ 6,599,548	\$ 25,841,927	\$ 32,441,475
Gift-in-kind contributions	71,945	-	71,945	57,585	-	57,585
Support from affiliates (Note 12):						
Wycliffe contributions	36,883	1,385,654	1,422,537	99,304	1,903,579	2,002,883
Member support	5,130,187	-	5,130,187	5,096,300	-	5,096,300
Service income	978,407	-	978,407	743,240	-	743,240
Investment income (Note 4)	758,278	-	758,278	541,423	-	541,423
Other income (loss)	(3,482)	-	(3,482)	40,597	-	40,597
Net assets released from restrictions:						
Field operations assessments	5,028,620	(5,028,620)	-	5,299,952	(5,299,952)	-
Administrative assessments (19% administration & fund-raising)	5,413,862	(5,413,862)	-	5,439,290	(5,439,290)	-
Satisfaction of program restrictions	17,569,060	(17,569,060)	-	17,405,364	(17,405,364)	-
Total support and revenue	41,305,664	1,108,734	42,414,398	41,322,603	(399,100)	40,923,503
OPERATING EXPENSES (Note 10):						
Program services–Bible translation	29,571,755	-	29,571,755	29,291,159	-	29,291,159
General and administration services	4,637,044	-	4,637,044	3,903,130	-	3,903,130
Fund-raising services	5,074,955	-	5,074,955	5,636,951	-	5,636,951
Total expenses	39,283,754	-	39,283,754	38,831,240	-	38,831,240
Change in Net Assets	2,021,910	1,108,734	3,130,644	2,491,363	(399,100)	2,092,263
Net Assets, Beginning of Year	10,574,354	18,679,124	29,253,478	8,082,991	19,078,224	27,161,215
Net Assets, End of Year	\$ 12,596,264	\$ 19,787,858	\$ 32,384,122	\$ 10,574,354	\$ 18,679,124	\$ 29,253,478

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,130,644	\$ 2,092,263
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	455,860	390,011
Realized and unrealized gains on investments	(367,735)	(156,258)
Loss on disposal of property and equipment	44,914	-
Changes in assets and liabilities:		
Contributions receivable	1,233,689	(1,418,600)
Advances to partner ministries	122,289	400
Other assets	(209,963)	(405,076)
Beneficial interest in split-interest agreements	(10,467)	(52,915)
Accounts payable and accrued expenses	30,238	(300,994)
Amounts due to affiliated entities	96,016	108,384
Deferred lease incentive	(30,247)	(30,246)
Net Cash Provided by Operating Activities	4,495,238	226,969
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(390,427)	(384,822)
Proceeds from sale of investments	-	1,000,000
Change in construction payable	-	(964,454)
Proceeds from sale of property and equipment	15,895	-
Purchase of property and equipment	(1,397,244)	(797,580)
Net Cash Used by Investing Activities	(1,771,776)	(1,146,856)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(1,903,821)
Proceeds from line of credit	-	826,000
Net Cash Used by Financing Activities	-	(1,077,821)
Change in Cash and Cash Equivalents	2,723,462	(1,997,708)
Cash and Cash Equivalents, Beginning of Year	4,430,659	6,428,367
Cash and Cash Equivalents, End of Year	\$ 7,154,121	\$ 4,430,659

(continued)

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Cash Flows

(continued)

	Year Ended September 30,	
	<u>2017</u>	<u>2016</u>
SUPPLEMENTAL INFORMATION:		
Interest paid on the line of credit (\$-0- capitalized)	<u>\$ -</u>	<u>\$ 43,899</u>
Noncash investing and financing activities:		
Purchases of property and equipment through accounts payable	<u>\$ 40,320</u>	<u>\$ -</u>

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

1. NATURE OF ORGANIZATION:

The Wycliffe Seed Company, Inc. (Seed Company) is a religious non-profit corporation incorporated in the state of California, 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 the fastest growing Bible translation organization 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. Wycliffe USA also controls and has an economic interest in Wycliffe Foundation (WF), an interdenominational, nonsectarian organization supporting 501(c)(3) tax-exempt organizations that are involved in Bible translation by engaging in gift planning services and planned gift administration.

On September 26, 2017, Seed Company filed restated articles of incorporation for Avodah Labs, Inc., a Florida 501(c)(3) tax exempt organization. Avodah Labs is a wholly controlled subsidiary of Seed Company, designed to research, develop, and share improved technologies for communicating with sign Deaf communities in the United States and around the world to spread the Gospel of Jesus Christ. Avodah Labs will also recruit, train, and deploy sign Deaf translators to translate the Bible and other Christian writings into as many sign Deaf languages and dialects as possible to facilitate the spread of the Christian faith.

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.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

1. NATURE OF ORGANIZATION, continued:

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 1,600 language groups representing 114 million people who do not have full access to God's promises and truth, now is the time to act.

Deep Roots: Wycliffe USA pioneered the modern-day Bible translation movement among unreached international people groups by sending missionaries to live with them, learn their heart language, and help provide an understandable and accurate translation of the Scriptures. Realizing it would take multiple generations to reach the last languages, Wycliffe USA launched Seed Company with a renewed sense of urgency. Seed Company's mandate was to develop innovative methods empowering national translators to accelerate Bible translation, leverage linguistic expertise, maximize Scripture impact and ultimately, change lives.

Financial Accountability: Seed Company is able to fulfill its mission and pursue its vision through the investments of its financial partners. With a firm commitment to accountability and stewardship, 81% of every dollar (temporarily 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.

The OneVerse Program: For only \$35 a month, OneVerse provides an opportunity for you to participate in providing God's eternal Word for those who have never read or experienced it before. OneVerse partners, through their \$35 monthly gifts, transform individual lives and whole communities by supporting local translators in bringing God's Word “to life” for the first time in their languages. The financial and prayerful support of OneVerse monthly partners expresses God's love in the most important and powerful way - through His living Word.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

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.

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 and JAARS are consolidated for financial reporting purposes.
- Wycliffe Bible Translators International (dba Wycliffe Global Alliance) (the Alliance) promotes the efforts of organizations (over 93 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.

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 consists of cash on hand, checking accounts, and a cash deposit with a related entity. From time to time, balances in these accounts may exceed federally insured limits. 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, 2017 and 2016, Seed Company had \$73,463 and \$1,083,880, respectively, deposited with a related entity functioning as a money market account.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of funds placed with RIA Charitable Investments, Inc. (RIACII). 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 board of directors (2.00% for both the years ending September 30, 2017 and 2016) 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.

Investment income consists of interest income earned on the short-term portfolio and net income or loss allocated to the long-term portfolio. Interest income recorded in the statement of activities for 2017 and 2016 was \$390,543 and \$385,165 respectively. As of September 30, 2017 and 2016, RIACII reported total assets with a fair value of approximately \$91,867,000 and \$89,243,000, respectively, of which Seed Company holds \$20,546,259 (22%) and \$19,788,097 (22%), respectively. Credit risk is the failure of another party to perform in accordance with the contract terms. Seed Company is exposed to credit risk for the amount invested in the pool.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Evaluations are made by management to estimate uncollectible accounts; no amounts were considered uncollectible for the years ended September 30, 2017 and 2016, respectively. All amounts recorded as contributions receivable as of September 30, 2017, were received subsequent to year-end.

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
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, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED MATCHING CONTRIBUTION REVENUE

Deferred revenue consists of funds received by Seed Company with donor stipulations that matching contributions be raised in order to retain the gift. Contribution revenue is recognized as matching funds are raised. During 2017 and 2016, Seed Company received approximately \$1,300,000 and \$1,600,000, respectively, in matching funds for certain translation projects that must be raised within a three-year period. For the years ended September 30, 2017 and 2016, approximately \$1,300,000 and \$1,600,000 in matching gifts had been raised, respectively.

NET ASSETS

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

Unrestricted net assets include gifts or those resources invested in property and equipment 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 that requires the board set aside a portion of available unrestricted net assets to fund a Board-Designated Operating Reserve. The policy also establishes a goal for the Board-Designated Operating Reserve of a target balance equal to four months of operating expenses.

Temporarily restricted net assets 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 permanently restricted.

REVENUE

Revenue is 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 temporarily restricted to unrestricted net assets at the time the contribution is received.

For the years ended September 30, 2017 and 2016, Wycliffe USA provided 99% and 98%, respectively of total support from affiliates, of which 78% and 72% is non-cash contributions consisting of the value of member labor, respectively (Note 12).

For the year ended September 30, 2017, two donors provided 25%, and two foundations, representing 43 donors, provided 36% of total contributions. For the year ended September 30, 2016, three donors provided 21%, and a foundation, representing 25 donors, provided 29% of total contributions.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTED GOODS AND SERVICES

Contributed goods are recorded at the fair market value at the time of the contribution. Contributed services are recorded as contributions at their estimated fair values at the date of donation if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amount was recognized in the financial statements for contributed services in 2017 or 2016. Seed Company generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Seed Company with specific assistance programs, campaign solicitations and various committee assignments. The organization receives more than 6,800 volunteer hours per year, these services are not recognized as contributions in the financial statements because the recognition criteria were not met.

Contributed services from affiliates represent the value of the staff provided by Wycliffe Organizations (affiliates). These services are recorded at the compensation expense amount incurred by the affiliate organization. See Note 12 for contributed services from affiliates recorded.

ALLOCATION OF EXPENSES

All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing program and supporting services are allocated and summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. The supporting services are indispensable to the conduct of the program activities and to Seed Company's existence.

3. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

	September 30,	
	2017	2016
Investor event deposits	\$ 441,956	\$ -
Investor event prepaid expenses	202,259	77,000
Investor event receivables	-	396,496
Other prepaid expenses	510,389	439,565
Other receivables	21,116	13,715
Other assets	11,860	50,843
	<u>\$ 1,187,581</u>	<u>\$ 977,618</u>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

4. INVESTMENTS:

	September 30,	
	2017	2016
Investments consist of the following:		
Investments at fair market value:		
Long term investment with RIACII	\$ 3,524,720	\$ 3,103,330
Investments at cost plus accrued interest:		
Short term investment with RIACII	17,021,539	16,684,767
	\$ 20,546,259	\$ 19,788,097
Investment income consist of the following:		
Interest income	\$ 390,543	\$ 385,165
Realized and unrealized gains on investments	367,735	156,258
	\$ 758,278	\$ 541,423

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

	September 30,	
	2017	2016
Website	\$ 195,713	\$ 195,713
Furniture	457,588	457,588
Equipment	634,373	744,360
Overseas vehicles	133,201	133,201
Software	1,105,768	217,400
Company vehicles	55,530	55,530
Leasehold improvements	1,824,231	1,787,336
	4,406,404	3,591,128
Less accumulated depreciation	(1,300,474)	(915,496)
	3,105,930	2,675,632
Construction in progress	946,429	496,152
	\$ 4,052,359	\$ 3,171,784

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

6. LINE OF CREDIT:

Seed Company entered into a \$3,000,000 non-revolving line of credit agreement, secured by equipment, that began April 1, 2015 and expired on April 15, 2016, to finance building renovations for the new office building space. Interest only payments were due starting May 15, 2015, at 1% above the prime rate (4.25% as of September 30, 2015) with a balloon payment of all principal plus interest due on April 15, 2016. For the years ending September 30, 2017 and 2016, interest expense was \$0 and \$43,899, respectively. Seed Company paid the balloon payment of \$1,903,821 on April 8, 2016, to close out the line of credit.

7. OPERATING LEASES:

Seed Company has entered into operating lease agreements expiring through 2022 for office space and various equipment. Per the office space agreement, the lessor agreed to pay for leasehold improvements up to \$604,983. This is considered a lease incentive and, the total costs of the leasehold improvements were capitalized and the amount paid directly by the lessor (\$604,983) was recorded as a deferred lease incentive liability (statements of financial position) to be amortized (\$2,517 per month) over the life of the lease as an offset against rent expense. Seed Company incurred \$467,717 and \$518,582 in rental expense during the years ended September 30, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 399,880
2019	426,865
2020	432,346
2021	471,384
2022	480,645
Thereafter	<u>1,847,559</u>
	<u>\$ 4,058,679</u>

8. PROJECT FUNDING COMMITMENTS:

In the normal course of business, Seed Company makes commitments to sponsor Bible translation projects carried on by related and foreign organizations in these countries. The sponsorships are conditional on approval of the organization's project proposal, receiving periodic progress and financial reports, and satisfactory progress toward project goals as outlined in the sponsorship agreements. The sponsorship commitments represent expected disbursements based on approved project budgets, and may vary based on currency exchange rates, staffing changes, inflationary factors, and/or significant changes in the project as reported per the project agreements. At September 30, 2017 and 2016, Seed Company had \$3,643,411 and \$4,637,675, respectively, remaining to be disbursed under these sponsorship agreements.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	September 30,	
	2017	2016
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 19,245,135	\$ 18,146,868
Time restricted:		
Beneficial interest in split-interest agreements	542,723	532,256
	<u>\$ 19,787,858</u>	<u>\$ 18,679,124</u>

10. EXPENSES:

Salaries of Wycliffe USA members assigned to Seed Company are not funded by contributions from Seed Company donors, but rather are funded by donors through related organizations (support from affiliates). Included in Seed Company's fiscal 2017 and 2016 expenses, yet funded through affiliated organizations, are \$660,618 and \$660,693, respectively, of salary expenses in administration and fund-raising.

11. EMPLOYEE RETIREMENT PLAN:

Seed Company has established a 403(b) retirement plan. Seed Company contributes 3% of annual salary and matches employee contributes 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, 2017 and 2016, Seed Company contributed \$326,118 and \$310,684 to this plan, respectively.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

12. TRANSACTIONS WITH RELATED ENTITIES:

Seed Company had assets held with related entities as follows:

	September 30,	
	2017	2016
Cash:		
SIL	\$ 73,463	\$ 1,083,880
Investments:		
RIACH	20,546,259	19,788,097
Beneficial interest in split-interest agreements:*		
WF	542,723	532,256
	\$ 21,162,445	\$ 21,404,233

*Seed Company is a named beneficiary in annuity and trust agreements held and administered by WF. The Foundation estimates Seed Company's remainder interest in these agreements.

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

	September 30,	
	2017	2016
SIL	\$ 524,690	\$ 428,674

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,	
	2017	2016
Wycliffe organizations	\$ 6,552,724	\$ 7,099,183

Of the total amounts received from affiliates, approximately \$5,130,000 and \$5,096,000 were non-cash contributions consisting of the value of labor by members assigned to Seed Company during the years ended September 30, 2017 and 2016, respectively. For the years ended September 30, 2017 and 2016, there was \$750,000 and \$500,000, respectively, of service income received from affiliates.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

13. 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.

Long-term investments: Long-term investments consists of one pooled investment which is not valued based upon quoted market prices. Underlying investments of the pool include money market funds, mutual funds, exchange traded funds, and bond instruments. These investments are reported at estimated fair value as measured by their net asset value as reported by the fund manager (RIACII). That amount represents the Seed Company's proportionate interest in the capital of the invested funds.

Beneficial interest in split-interest agreements: 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: None.

Fair value of assets measured on a recurring basis as of September 30, 2017, are as follows:

	Level 1	Level 2	Level 3	Total
Long term investment with RIACII	\$ -	\$ 3,524,720	\$ -	\$ 3,524,720
Beneficial interest in split-interest agreements	\$ -	\$ 542,723	\$ -	\$ 542,723

Fair value of assets measured on a recurring basis as of September 30, 2016, are as follows:

	Level 1	Level 2	Level 3	Total
Long term investment with RIACII	\$ -	\$ 3,103,330	\$ -	\$ 3,103,330
Beneficial interest in split-interest agreements	\$ -	\$ 532,256	\$ -	\$ 532,256

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2017 and 2016

13. FAIR VALUE MEASUREMENTS, continued:

The Seed Company uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The Seed Company's investments include one pooled fund that calculates NAV per share (or its equivalent) and uses an investment strategy that includes long and short term strategies. This fund has no lockup restrictions and is normally redeemable upon notice. There are no unfunded commitments and no redemption restrictions in place at year end. The Seed Company's investment in this fund was \$3,524,720 and \$3,103,330 as of September 30, 2017 and 2016, respectively.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 29, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.