



THE WYCLIFFE SEED COMPANY, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2023 and 2022

THE WYCLIFFE SEED COMPANY, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, have been issued separately with the independent auditors' report. Effective September 30, 2023, The Wycliffe Seed Company is no longer under common control with Wycliffe Bible Translators, Inc.

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.

Emphasis of Matter

The Wycliffe Seed Company, Inc has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for private companies and private not-for-profit organization for years beginning after December 15, 2021, with early adoption permitted.

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.

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.

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 8, 2024

THE WYCLIFFE SEED COMPANY, INC.

Statements of Financial Position

	September 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents (Note 2)	\$ 11,153,246	\$ 9,592,756
Investments (Note 5)	60,841,460	65,797,473
Prepaid expenses and other assets (Note 4)	8,805,680	4,976,765
Grants receivable (Note 2)	914,377	2,006,659
Operating right-of-use asset (Note 7)	2,185,051	-
Property and equipment—net of accumulated depreciation (Note 6)	1,431,938	1,306,472
Beneficial interest in split-interest agreements (Note 12)	292,674	276,322
	\$ 85,624,426	\$ 83,956,447
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,366,050	\$ 1,851,581
Amounts due to related entities (Note 12)	187,902	193,698
Operating lease obligation (Note 7)	2,825,355	-
Deferred lease incentive	-	393,210
Total liabilities	5,379,307	2,438,489
Net assets:		
Without donor restrictions (Note 8)	27,124,845	25,313,055
With donor restrictions (Note 9)	53,120,274	56,204,903
Total net assets	80,245,119	81,517,958
Total Liabilities and Net Assets	\$ 85,624,426	\$ 83,956,447

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Activities

	Year Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING:						
Support and revenue:						
Contributions	\$ 7,201,361	\$ 60,972,679	\$ 68,174,040	\$ 2,866,068	\$ 77,132,985	\$ 79,999,053
Donated services	132,823	-	132,823	161,267	-	161,267
Member labor	1,236,066	-	1,236,066	1,007,694	-	1,007,694
Investment income (loss)	3,154,610	-	3,154,610	(2,060,273)	-	(2,060,273)
Other income	11,120	-	11,120	3,695	-	3,695
Net assets released from restrictions:						
Field operations adjustments	15,247,385	(15,247,385)	-	19,299,328	(19,299,328)	-
Administrative assessments (19% administration & fundraising)	11,327,737	(11,327,737)	-	14,324,036	(14,324,036)	-
Satisfaction of program restrictions	37,555,482	(37,555,482)	-	24,113,958	(24,113,958)	-
Total Support and Revenue	75,866,584	(3,157,925)	72,708,659	59,715,773	19,395,663	79,111,436
Expenses:						
Program services—Bible translation	62,442,698	-	62,442,698	44,320,469	-	44,320,469
General and administration services	4,098,737	-	4,098,737	3,314,747	-	3,314,747
Fundraising services	11,234,953	-	11,234,953	8,968,946	-	8,968,946
Total Expenses	77,776,388	-	77,776,388	56,604,162	-	56,604,162
Change in Net Assets from Operations	(1,909,804)	(3,157,925)	(5,067,729)	3,111,611	19,395,663	22,507,274
NON-OPERATING:						
Change in value of beneficial interest in trusts	-	16,352	16,352	-	(388,821)	(388,821)
Equity transfer from Wycliffe Bible Translators, Inc.	3,721,594	56,944	3,778,538	3,876,912	399,109	4,276,021
Change in Net Assets	1,811,790	(3,084,629)	(1,272,839)	6,988,523	19,405,951	26,394,474
Net Assets, Beginning of Year	25,313,055	56,204,903	81,517,958	18,324,532	36,798,952	55,123,484
Net Assets, End of Year	\$ 27,124,845	\$ 53,120,274	\$ 80,245,119	\$ 25,313,055	\$ 56,204,903	\$ 81,517,958

See notes to financial statements

THE WYCLIFFE SEED COMPANY, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors	\$ 69,266,322	\$ 81,823,158
Cash received from other income	11,120	10,984
Cash received from interest and dividends	896,810	372,370
Cash paid to grantees	(36,305,180)	(21,181,749)
Cash paid to vendors and suppliers	(16,405,292)	(13,154,131)
Cash paid for compensation and benefits	(22,928,936)	(17,400,682)
Cash received from related entities and affiliates	(5,796)	73,109
Net Cash Provided (Used) by Operating Activities	(5,470,952)	30,543,059
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments*	(77,804,076)	(33,112,768)
Proceeds from sale of investments	85,212,620	-
Purchase of property and equipment	(377,102)	-
Net Cash Provided (Used) by Investing Activities	7,031,442	(33,112,768)
Net Change in Cash and Cash Equivalents	1,560,490	(2,569,709)
Cash and Cash Equivalents, Beginning of Year	9,592,756	12,162,465
Cash and Cash Equivalents, End of Year	\$ 11,153,246	\$ 9,592,756
SUPPLEMENTAL DISCLOSURE:		
Right-of-use asset obtained in exchange for operating lease obligation	\$ 3,111,276	\$ -

*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, 2023 and 2022

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.

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 : There are currently over 50.3 million people without any access to God's Word in their language. Motivated by this reality and the Great Commission 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 Scripture enriches lives, communities are empowered to thrive. With approximately 1,300 language groups who do not have access to God's promises and truth, now is the time to act (data from ProgressBible™. SNAPSHOT. January 2024).

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

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, 2023 and 2022

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.

From its inception, Seed Company was an entity controlled by Wycliffe Bible Translators, Inc (Wycliffe). As such, Seed Company's financials were consolidated into Wycliffe's financials. Effective September 30, 2023, Seed Company's articles and bylaws were amended to remove Wycliffe's control of Seed Company's board of directors, and as of October 1, 2023, Seed Company is independent from Wycliffe. Starting in fiscal 2024, Seed Company's financials will no longer be consolidated into Wycliffe's financials.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checking accounts, and cash on deposit with a related entity. From time to time, balances in these accounts may exceed federally insured limits. As of September 30, 2023 and 2022, Seed Company had cash balances exceeding federally insured limits by approximately \$10,465,000 and \$9,422,000, respectively. For the years ended September 30, 2023 and 2022, Seed Company had \$360,814 and \$302,132, 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, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASE–RIGHT-OF-USE ASSET AND OBLIGATION

Seed Company adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of October 1, 2022, which resulted in the recognition of operating lease right-of-use assets totaling \$2,185,051 as of September 30, 2023, as well as operating lease obligations totaling \$2,825,355. Seed Company elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of October 1, 2022, without restatement of prior-year amounts. Right-of-use assets represent Seed Company's right to use the underlying asset for the lease term. Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 7.

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, 2023, three donors provided 52%, and two foundations, representing 149 donors, provided 33% of total contributions. For the year ended September 30, 2022, three donors provided 46%, and two foundations, representing 163 donors, provided 40% of total contributions.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

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, 2023 and 2022, included in the financial statements were as follows:

	Year Ended September 30,	
	2023	2022
Wycliffe member labor	\$ 3,661,174	\$ 3,793,398
Related entities member labor	789,528	578,075
Other member labor	446,538	429,619
Investment advisory services	132,823	161,267
	<u>\$ 5,030,063</u>	<u>\$ 4,962,359</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 6,700 and 10,800 for the years ended September 30, 2023 and 2022, 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 12 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*. All donated services in years ended September 30, 2023 and 2022 were received without donor restriction.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

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.

ACCOUNTING PRONOUNCEMENTS ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The new guidance was adopted by Seed Company effective October 1, 2022. Leases are classified as either operating or finance. Seed Company elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of October 1, 2022, without restating any prior-year amounts. Seed Company also elected to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 7.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Seed Company's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

	September 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 11,153,246	\$ 9,592,756
Investments	60,841,460	65,797,473
Grants receivable	914,377	2,006,659
Beneficial interest in split-interest agreements	292,674	276,322
Financial assets, at year-end	73,201,757	77,673,210
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Beneficial interest in split-interest agreements	(292,674)	(276,322)
Donor-restricted funds, not expected to be spent in the next fiscal year	(14,734,160)	(13,841,734)
Board-designated operating reserves	(10,389,487)	(8,477,649)
	(25,416,321)	(22,595,705)
	\$ 47,785,436	\$ 55,077,505

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, 2023, Seed Company has agreed to grant out approximately \$36,760,000 for 756 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, 2023 and 2022

4. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of the following:

	September 30,	
	2023	2022
Investor event deposits	\$ 715,807	\$ 670,124
Investor event prepaid expenses	462,569	298,554
Other prepaid expenses	1,553,489	858,008
Other receivables, including partner advances	6,073,815	3,150,079
	\$ 8,805,680	\$ 4,976,765

5. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2023	2022
Investments at fair value:		
Government bonds	\$ 45,329,041	\$ 35,819,379
Mutual funds	8,817,541	15,677,245
Money market mutual funds	3,411,510	4,097,949
Preferred stock	720,000	-
Equities	2,563,368	10,202,900
	\$ 60,841,460	\$ 65,797,473

Investment income (loss) income consists of the following:

	Year Ended September 30,	
	2023	2022
Interest income	\$ 896,810	\$ 372,370
Realized and unrealized gains (losses) on investments	2,452,531	(2,242,328)
Investment fees	(194,731)	(190,315)
	\$ 3,154,610	\$ (2,060,273)

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of the following:

	September 30,	
	2023	2022
Software	\$ 1,774,852	\$ 1,654,652
Leasehold improvements	1,891,144	1,853,844
Furniture and equipment	988,600	918,897
Website	167,402	167,402
Company and overseas vehicles	101,201	101,201
	4,923,199	4,695,996
Less accumulated depreciation	(3,593,714)	(3,389,524)
	1,329,485	1,306,472
Construction in progress	102,453	-
	\$ 1,431,938	\$ 1,306,472

7. OPERATING RIGHT-OF-USE ASSET AND LIABILITY:

Seed Company has one operating lease for office space with an expiration date in fiscal year 2031. The office space requires monthly payment that ranges from \$33,389 to \$35,956. The discount rate represents the risk-free rate using a period comparable with that of the individual lease term on the inception date of the lease. Short-term leases with a term of 12 or fewer months are not reflected on the statements of financial position, and costs are expensed as incurred.

	September 30, 2023
Operating lease—right-of-use asset	\$ 2,185,051
Operating lease obligation	\$ 2,825,355
Operating lease costs	\$ 344,785
Cash paid for amounts included in the measurement of operating lease obligations	\$ 404,018
Weighted Average Discount Rate	3.96%
Weighted-Average Remaining lease term (years)	7.67

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

7. OPERATING RIGHT-OF-USE ASSET AND LIABILITY, continued:

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Future minimum lease payments are as follows:

Year Ending September 30,

2024		\$	414,117
2025			424,469
2026			431,483
2027			431,483
2028			431,483
Thereafter			1,150,623
			3,283,658
Less imputed interest			(458,303)
			\$ 2,825,355

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, Seed Company was applying Topic 840 in relation to operating leases. During the year ended September 30, 2022, Seed Company had operating lease expenses totaling \$507,236

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of the following:

	September 30,	
	2023	2022
Undesignated	\$ 16,735,358	\$ 16,835,406
Board-designated operating reserve	10,389,487	8,477,649
	\$ 27,124,845	\$ 25,313,055

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Language projects, translations, and other initiatives	\$ 52,827,600	\$ 55,928,581
Time restricted:		
Beneficial interest in split-interest agreements	<u>292,674</u>	<u>276,322</u>
	<u>\$ 53,120,274</u>	<u>\$ 56,204,903</u>

10. EMPLOYEE RETIREMENT PLAN:

Seed Company has established a 403(b) retirement plan. Seed Company matches employee contributions at 100% up to 6% 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, 2023 and 2022, Seed Company contributed \$784,897 and \$537,471 to this plan, respectively.

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

11. NATURAL CLASSIFICATION OF EXPENSES:

Functional expenses by natural classification for the year ended September 30, 2023:

	Program Services– Bible Translation	General and Administration Services	Fundraising Services	Total
Compensation and benefits	\$ 19,549,187	\$ 2,848,751	\$ 5,946,998	\$ 28,344,936
Grants	33,399,389	1,140	340	33,400,869
Travel, conference, and meetings	3,917,049	336,752	2,691,698	6,945,499
Information technology	2,118,172	199,898	205,122	2,523,192
Professional services	1,951,233	402,366	1,709,518	4,063,117
Depreciation	167,440	37,269	46,927	251,636
Office expenses	730,507	138,322	348,663	1,217,492
Occupancy	510,464	122,422	201,035	833,921
Advertising and promotion	68,534	3,361	70,908	142,803
Other	30,723	8,456	13,744	52,923
	<u>\$ 62,442,698</u>	<u>\$ 4,098,737</u>	<u>\$ 11,234,953</u>	<u>\$ 77,776,388</u>

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>

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

12. TRANSACTIONS WITH RELATED AND AFFILIATED ENTITIES:

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

	September 30,	
	2023	2022
Cash:		
SIL	\$ 360,814	\$ 302,132
Beneficial interest in split-interest agreements:*		
Wycliffe Foundation (WF)	292,674	276,322
	\$ 653,488	\$ 578,454

*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,	
	2023	2022
SIL	\$ 187,902	\$ 193,698

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,	
	2023	2022
Contributions from related entities	\$ 338	\$ 8,164
Member labor	\$ 1,236,066	\$ 1,007,694
Change in value of beneficial interest in trusts	\$ 16,352	\$ (388,821)
Equity transfer from Wycliffe Bible Translators, Inc.	\$ 3,778,538	\$ 4,276,021

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

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 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.

Fair value of investments measured on a recurring basis as of September 30, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Government bonds	\$ 45,329,041	\$ -	\$ 45,329,041	\$ -
Mutual funds	8,817,541	8,817,541	-	-
Money market mutual fund	3,411,510	3,411,510	-	-
Preferred stock	720,000	-	720,000	-
Equities	2,563,368	2,563,368	-	-
Total investments	\$ 60,841,460	\$ 14,792,419	\$ 46,049,041	\$ -
Beneficial interest in split-interest agreements	\$ 292,674	\$ -	\$ -	\$ 292,674

THE WYCLIFFE SEED COMPANY, INC.

Notes to Financial Statements

September 30, 2023 and 2022

13. 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	\$ -
Money market mutual fund	4,097,949	4,097,949	-	-
Mutual funds	15,677,245	15,677,245	-	-
Equities	10,202,900	10,202,900	-	-
Total investments	\$ 65,797,473	\$ 29,978,094	\$ 35,819,379	\$ -
Beneficial interest in split-interest agreements	\$ 276,322	\$ -	\$ -	\$ 276,322

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 and mutual funds are based upon quoted market prices or dealer quotes in an active market. Government bonds are based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of non-publicly traded securities are determined based on sales of similar investments.

14. 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.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 8, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.