

**WYCLIFFE BIBLE TRANSLATORS
OF CANADA INC.**

FINANCIAL STATEMENTS

SEPTEMBER 20, 2012

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

FINANCIAL STATEMENTS

SEPTEMBER 20, 2012

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Wycliffe Bible Translators of Canada Inc.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Wycliffe Bible Translators of Canada Inc. which comprise the statement of financial position as at September 20, 2012 and the statements of operations and changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 judgement, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of Wycliffe Bible Translators of Canada Inc. as at September 20, 2012 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
November 29, 2012

Werner Haag
Chartered Accountants

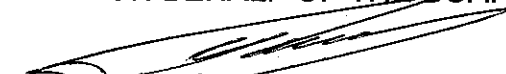
WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

STATEMENT OF FINANCIAL POSITION

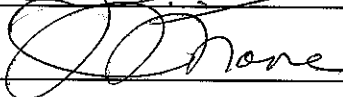
SEPTEMBER 20, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
Current		
Cash	\$ 565,059	\$ 493,541
Short term investments	2,665,788	2,594,377
Accounts receivable	103,474	58,917
Goods and services tax recoverable	11,396	9,308
Inventories	46,109	42,407
Prepaid expenses	<u>87,834</u>	<u>68,626</u>
	3,479,660	3,267,176
Investments	145,122	212,469
Property and equipment (Note 4)	<u>374,256</u>	<u>404,284</u>
	<u>\$ 3,999,038</u>	<u>\$ 3,883,929</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 599,480	\$ 632,540
Investment trust agreements	<u>138,901</u>	<u>201,651</u>
	<u>738,381</u>	<u>834,191</u>
FUND BALANCES		
Invested in capital assets	374,256	404,284
Externally restricted	1,448,161	1,032,043
Internally restricted	628,855	800,701
Unrestricted	<u>809,385</u>	<u>812,710</u>
	<u>3,260,567</u>	<u>3,049,738</u>
	<u>\$ 3,999,038</u>	<u>\$ 3,883,929</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

(See accompanying notes to financial statements)

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 20, 2012

	GENERAL		RESTRICTED FUNDS				TOTAL	
	OPERATING FUNDS		DESIGNATED		CAPITAL			
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE								
Donations								
Missionary support - Field	\$ -	\$ -	\$ 8,630,968	\$ 8,683,393	\$ -	\$ -	\$ 8,630,968	\$ 8,683,393
Missionary support - Other	-	-	5,033,485	4,441,478	-	-	5,033,485	4,441,478
Field programs	-	-	442,884	472,207	-	-	442,884	472,207
General donations	578,752	472,655	342,015	280,662	-	-	920,767	753,317
Government grants	2,191	-	61,239	129,137	-	-	63,430	129,137
Investment and other income	225,915	181,601	95,777	102,410	-	-	321,692	284,011
	<u>806,858</u>	<u>654,256</u>	<u>14,606,368</u>	<u>14,109,287</u>	<u>-</u>	<u>-</u>	<u>15,413,226</u>	<u>14,763,543</u>
EXPENSES								
Administrative	969,189	812,689	1,293,000	1,237,894	-	-	2,262,189	2,050,583
Amortization	-	-	-	-	51,373	95,389	51,373	95,389
Communication	305,528	292,430	458,346	420,901	-	-	763,874	713,331
Field programs - Missionary Support	-	-	8,736,832	8,961,094	-	-	8,736,832	8,961,094
Field programs - Project	28,017	19,286	458,691	477,697	-	-	486,708	496,983
Fundraising	127,307	88,465	512,240	450,739	-	-	639,547	539,204
Public relations	371,245	293,785	644,673	646,171	-	-	1,015,918	939,956
Training	78,014	102,904	1,167,852	1,054,773	-	-	1,245,866	1,157,677
	<u>1,879,300</u>	<u>1,609,559</u>	<u>13,271,634</u>	<u>13,249,269</u>	<u>51,373</u>	<u>95,389</u>	<u>15,202,307</u>	<u>14,954,217</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(1,072,442)	(955,303)	1,334,734	860,018	(51,373)	(95,389)	210,919	(190,674)
Fund Balances At Beginning Of Year	812,710	518,735	1,832,744	2,231,451	404,284	490,226	3,049,738	3,240,412
Interfund transfers (Note 7)	<u>1,069,118</u>	<u>1,249,278</u>	<u>(1,090,462)</u>	<u>(1,258,725)</u>	<u>21,344</u>	<u>9,447</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	\$ 809,386	\$ 812,710	\$ 2,077,016	\$ 1,832,744	\$ 374,255	\$ 404,284	\$ 3,260,657	\$ 3,049,738
COMPOSITION OF FUNDS								
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 374,255	\$ 404,284	\$ 374,255	\$ 404,284
Externally restricted	-	-	1,448,161	1,032,043	-	-	1,448,161	1,032,043
Internally restricted	-	-	628,855	800,701	-	-	628,855	800,701
Unrestricted	<u>809,386</u>	<u>812,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>809,386</u>	<u>812,710</u>
FUND BALANCES AT END OF YEAR	\$ 809,386	\$ 812,710	\$ 2,077,016	\$ 1,832,744	\$ 374,255	\$ 404,284	\$ 3,260,657	\$ 3,049,738

(See accompanying notes to financial statements)

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 20, 2012

	<u>2012</u>	<u>2011</u>
CASH FROM (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 210,919	\$ (190,674)
Adjustment for Amortization	<u>51,373</u>	<u>95,389</u>
	<u>262,292</u>	<u>(95,285)</u>
Changes in non-cash working capital		
Accounts receivable	(46,645)	(20,445)
Inventories	(3,702)	21,165
Prepaid expenses	(19,208)	(7,436)
Accounts payable and accrued liabilities	<u>(33,060)</u>	<u>83,916</u>
	<u>102,615</u>	<u>77,200</u>
	<u>159,677</u>	<u>(18,085)</u>
INVESTING ACTIVITIES		
Additions to property and equipment	<u>(21,345)</u>	<u>(9,447)</u>
FINANCING ACTIVITIES		
Investments	(4,064)	(26,326)
Investment trust agreements	<u>(62,750)</u>	<u>(10,582)</u>
	<u>(66,814)</u>	<u>(36,908)</u>
INCREASE (DECREASE) IN CASH	71,518	(64,440)
CASH AT BEGINNING OF YEAR	<u>493,541</u>	<u>557,981</u>
CASH AT END OF YEAR	<u>\$ 565,059</u>	<u>\$ 493,541</u>

(See accompanying notes to financial statements)

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 20, 2012

1. PURPOSE OF THE ORGANIZATION

Wycliffe Bible Translators of Canada Inc. ("Wycliffe") serves minority language groups worldwide by fostering an understanding of God's Word through Bible translation, while nurturing literacy, education and stronger communities. Wycliffe is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted Canadian accounting principles, using the assumption that Wycliffe will continue as a going concern. Significant accounting policies are described below:

FUND ACCOUNTING

The General Operating Fund reports unrestricted general operational and administrative activities.

The Designated Fund reports restricted resources that are to be used for special projects or have restrictions on when funds may be expended.

The Capital Fund reports assets, liabilities, revenues and expenses related to capital assets.

REVENUE RECOGNITION

Wycliffe follows the restricted fund method of accounting for contributions.

General donations, which are unrestricted contributions, are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted donations are recognized as revenue of the appropriate restricted fund when received or receivable.

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 20, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORIES

Inventories are recorded at the lower of cost and realizable value as determined by management.

INVESTMENTS

Investments consist of marketable securities and cash held by brokerage houses. These investments are recorded at market value in the statement of financial position. Gains and losses, both realized and unrealized, are recorded in the statement of operations. Certain investments have been segregated as non-current to provide for investment trust agreements.

FOREIGN CURRENCIES

Foreign currency transactions are accounted for using the temporal method whereby monetary items are translated at the rates of exchange prevailing at the statement of financial position date and revenues and expenses are translated at prevailing rates of exchange during the year. The resulting gains or losses are credited or charged to operations.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Amortization is recorded as expense in the Capital Fund on the straight line basis at the following annual rates:

Buildings	3.3%
Office furniture and equipment	10.0%
Computer equipment	20.0%
Media equipment	10.0%
Printing arts equipment	6.7%
Vehicles	20.0%

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 20, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT TRUST AGREEMENTS

Investment trust agreements require the passage of a stated period of time or the occurrence of a particular event before all or part of the funds may be expended. The principal is not recognized as income until the agreements vest with Wycliffe.

GIFTS IN KIND

Donated ("in-kind") goods which otherwise would be paid for by Wycliffe are recorded at fair market value, when determinable, with the corresponding "in-kind" expense recorded at an equal amount.

CONTRIBUTED SERVICES

Wycliffe receives the benefit of contributed services from numerous individuals in many service delivery capacities. Because of the difficulty in determining the quantum or the value of such services they have not been recognized in the financial statements.

INCOME TAXES

Wycliffe is a not-for-profit organization under the Income Tax Act and is, therefore, not subject to either federal or provincial income taxes.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosures of contingent assets and liabilities. Significant items subject to such estimates and assumptions include amortization of property and equipment and accrual of liabilities. Actual results could differ from estimates.

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 20, 2012

3. CASH

Cash is on deposit with major financial institutions and is, therefore, not subject to significant credit risk.

4. PROPERTY AND EQUIPMENT

	2012		2011	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 55,408	\$ -	\$ 55,408	\$ 55,408
Buildings	860,880	640,178	220,702	237,266
Office furniture and equipment	90,011	77,143	12,868	17,433
Computer equipment	263,341	263,341	-	-
Media equipment	25,822	14,480	11,342	4,009
Printing arts equipment	242,099	176,193	65,906	81,351
Vehicles	<u>21,947</u>	<u>13,917</u>	<u>8,030</u>	<u>8,817</u>
	<u>\$ 1,559,508</u>	<u>\$ 1,185,252</u>	<u>\$ 374,256</u>	<u>\$ 404,284</u>

5. FINANCIAL INSTRUMENTS

Financial instruments included in these financial statements include cash, accounts receivable, investments, accounts payable and accrued liabilities, and investment trust agreements. These financial instruments are initially recorded at fair value and subsequently measured at amortized cost.

Investments in publicly traded securities are subject to market risk as such investments are subject to price changes in the open market that may affect future cash flows. Wycliffe does not use derivative financial instruments to alter the effects of this risk.

Unless otherwise noted, it is management's opinion that Wycliffe is not exposed to significant liquidity, currency or credit risks arising from these financial instruments, nor does it believe there are significant concentrations of credit risk.

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 20, 2012

6. AFFILIATED ORGANIZATIONS

Wycliffe works closely with Canada Institute of Linguistics Inc. and OneBook Inc. The purpose of Canada Institute of Linguistics Inc. is, through linguistics training, to assist Wycliffe in reaching its goals and objectives. Canada Institute of Linguistics Inc. is incorporated under the Canada Corporations Act and is a separate charity under the Income Tax Act.

Donations made to Canada Institute of Linguistics Inc. during the year were \$6,788 (\$6,085 in 2011). There was \$75 (\$Nil in 2011) payable to Canada Institute of Linguistics Inc. at September 20, 2012.

The purpose of One Book Inc. is to raise funds and facilitate capacity building with national partners. OneBook Inc. is incorporated under the Canada Corporations Act and is a separate charity under the Income Tax Act.

Donations made to OneBook Inc. during the year were \$117,992 (\$ 75,027 in 2011). At September 20, 2012 there were no accounts receivable or accounts payable to OneBook Inc..

OneBook Inc. rented office space from Wycliffe paying rent totalling \$8,000 in 2012 (\$24,000 – 2011).

7. INTER-FUND TRANSFERS

The following inter fund transfers were made during the year:

	General		Restricted Funds			
	Operating Funds		Designated		Capital	
	2012	2011	2012	2011	2012	2011
Designated to General to cover portion of operating expenses	\$ 1,090,462	\$1,258,725	\$ (1,090,462)	\$ (1,258,725)	\$ -	\$ -
General to Capital for purchase of capital assets	(21,344)	(9,447)	-	-	21,344	9,447
	<u>\$ 1,069,118</u>	<u>\$1,249,278</u>	<u>\$ (1,090,462)</u>	<u>\$ (1,258,725)</u>	<u>\$ 21,344</u>	<u>\$ 9,447</u>

WYCLIFFE BIBLE TRANSLATORS OF CANADA INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

SEPTEMBER 20, 2012

8. REVOLVING BANK LOAN

Wycliffe has available to it, a revolving bank loan limited to \$175,000 and bearing interest at .75% over the bank prime rate. The revolving loan is secured by a general security agreement over the assets of Wycliffe.

9. CAPITAL MANAGEMENT

For operating purposes, Wycliffe defines capital as including working capital and fund balances. For capital purposes, Wycliffe defines capital as its investment in capital assets. Wycliffe's objectives for managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide its services. Wycliffe manages its operating expenses within its annual budget and in order to operate within its budget, Wycliffe may adjust its activities or its operating expenses or both. Wycliffe is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management has not changed.

The majority of Wycliffe's revenue is from designated funds. Wycliffe has internal control processes to ensure that restrictions and designations are met prior to the utilization of these resources and has been in compliance with these restrictions and designations throughout the year.

10. FUTURE CHANGES IN ACCOUNTING

In December 2009, the Canadian Accounting Standards Board ("AcSB") issued International Financial Reporting Standards ("IFRS") and Accounting Standards for Private Enterprises ("ASPE"). The AcSB will require all not-for-profit organizations to either adopt IFRS or ASPE plus the current not-for-profit standards for annual financial statements relating to fiscal years beginning on or after January 1, 2012. Wycliffe has decided to adopt ASPE plus the current not-for-profit standards for the September 20, 2013 financial statements. Management does not expect this change to have a significant impact.

11. COMPARATIVE NUMBERS

Certain comparative numbers for 2011 have been restated to conform to the financial presentation adopted for 2012.