INTERVARSITY CHRISTIAN
FELLOWSHIP/USA

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Audit Committee
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

We have audited the accompanying consolidated financial statements of InterVarsity Christian Fellowship/USA which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Audit Committee
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterVarsity Christian Fellowship/USA as of June 30, 2019 and 2018, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

InterVarsity Christian Fellowship/USA adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* as described in Note 2. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Naperville, IL
September 27, 2019

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Financial Position
(in thousands)

	June 30, 2019	June 30, 2018
ASSETS:		
Cash and cash equivalents	$ 2,739	$ 2,460
Investments	36,762	36,702
Receivables:		
Trade and subscribers, less allowance for doubtful receivables and returns of $421,000 and $416,000 in 2019 and 2018, respectively	3,705	2,581
Donations	2,278	1,316
Royalty advances, less allowance for doubtful receivables of $1,438,000 and $1,296,000 in 2019 and 2018, respectively	1,832	1,736
Miscellaneous	274	382
Books and supplies inventory, net	3,738	3,472
Prepaid expenses, deposits and other assets	1,248	1,026
Land, buildings and equipment, net	14,578	15,252
Total Assets	$ 67,154	$ 64,927
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued liabilities	$ 4,695	$ 4,352
Medical insurance claims payable	873	787
Trust and annuity agreements	299	343
Royalties payable	2,079	1,884
Deferred revenue	256	1,058
	8,202	8,424
Net assets:		
Net assets without donor restrictions	35,237	35,238
Net assets with donor restrictions	23,715	21,265
	58,952	56,503
Total Liabilities and Net Assets	$ 67,154	$ 64,927

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Activities
(in thousands)

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total
	Year Ended June 30,					
SUPPORT AND REVENUE:						
Donations	$ 76,055	$ 13,193	$ 89,248	$ 69,397	$ 11,663	$ 81,060
Sales of books and media	18,321	-	18,321	15,778	-	15,778
Conference fees	8,528	-	8,528	4,804	-	4,804
Royalties and commissions	750	-	750	537	-	537
Investment income	2,502	-	2,502	3,042	-	3,042
Gain on sale of former headquarters	-	-	-	2,209	-	2,209
Other income	61	-	61	1	-	1
	106,217	13,193	119,410	95,768	11,663	107,431
RECLASSIFICATIONS:						
Net assets released from restrictions:			-			-
Satisfaction of program restrictions	10,743	(10,743)	-	10,558	(10,558)	-
	116,960	2,450	119,410	106,326	1,105	107,431
EXPENSES:						
Program	93,910	-	93,910	85,169	-	85,169
Administrative	12,271	-	12,271	11,819	-	11,819
Fundraising and communications	10,780	-	10,780	9,678	-	9,678
	116,961	-	116,961	106,666	-	106,666
Change in Net Assets	(1)	2,450	2,449	(340)	1,105	765
Net Assets, Beginning of Year	35,238	21,265	56,503	35,578	20,160	55,738
Net Assets, End of Year	$ 35,237	$ 23,715	$ 58,952	$ 35,238	$ 21,265	$ 56,503

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended June 30, 2019	Year Ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,449	$ 765
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization of buildings and equipment	1,148	1,413
Unrealized and realized gains on investments	(1,664)	(2,469)
Matured annuities	(49)	(42)
Actuarial change in value of annuities and trusts, net of payments	(3)	23
Gain on sale of former headquarters	-	(2,209)
Changes in:		
Receivables	(2,074)	(344)
Books and supplies inventory	(266)	(87)
Prepaid expenses, deposits and other assets	(222)	248
Accounts payable and other accrued liabilities	343	(47)
Medical insurance claims payable	86	35
Royalties payable	195	325
Deferred revenue	(802)	791
Net Cash Used by Operating Activities	(859)	(1,598)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(29,471)	(7,556)
Proceeds from sales and maturities of investments	31,075	9,536
Proceeds from sale of building and land	-	2,849
Purchases of buildings and equipment	(474)	(820)
Net Cash Provided by Investing Activities	1,130	4,009
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paydown on line of credit	-	(1,600)
New annuity agreements	48	25
Annuity and trust payments	(40)	(48)
Net Cash Provided (Used) by Financing Activities	8	(1,623)
Net Change in Cash and Cash Equivalents	279	788
Cash and Cash Equivalents, Beginning of Year	2,460	1,672
Cash and Cash Equivalents, End of Year	$ 2,739	$ 2,460
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 40	$ 48

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

In response to God's love, grace and truth, the purpose of InterVarsity Christian Fellowship/USA (InterVarsity) is to establish and advance at colleges and universities witnessing communities of students and faculty who follow Jesus as Savior and Lord, growing in love for God, God's Word, God's people of every ethnicity and culture and God's purposes in the world.

The consolidated financial statements include the accounts and transactions of the funds operating as InterVarsity Christian Fellowship/USA and InterVarsity Ministries. The funds of InterVarsity include general operating, general capital, specific purpose, conference, charitable funds, staff salary reserve fund and InterVarsity Press (the Press), which is a publisher of Christian books, pamphlets and other written materials. InterVarsity Ministries includes the camp fund. All significant interfund and intercompany balances and transactions have been eliminated. The majority of InterVarsity's revenues result from donations, product sales and conference fees.

InterVarsity is incorporated under the laws of the State of Illinois. It is classified by the Internal Revenue Service (IRS) as a tax-exempt publicly supported 501(c)(3) religious organization, which is not a private foundation under Section 509(a) of the Internal Revenue Code (IRC). Accordingly, it is exempt from federal and state income taxes and contributions are tax deductible within the limitations prescribed by the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated 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 and disclosures. Actual amounts could differ from these estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Amounts classified as cash and cash equivalents in the consolidated statements of financial position include checking and savings accounts, money market funds, all highly liquid debt instruments purchased with original maturities of three months or less and all highly liquid donated securities pending sale. As donations of securities are received, it is InterVarsity's policy to liquidate the donated securities immediately.

InterVarsity has cash and cash equivalents deposited in financial institutions in which the balances exceed the federal government agency (FDIC) insured limit. At June 30, 2019 and 2018, InterVarsity’s cash balances exceeded federally insured limits by $1,967,000 and $1,731,000, respectively. InterVarsity monitors the credit worthiness of the financial institutions which holds their cash and does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

InterVarsity invests, along with several other not-for-profit organizations, in a captive insurance holding company, Lucent Insurance, Ltd. (Lucent). InterVarsity is accounting for this investment using the equity method. Lucent reinsures claims relating to workers' compensation, general liability and property. Claim experience is identified to each participating entity, and subsequent premiums are modified based on an entity's claim experience.

Investments in marketable equity securities with readily determinable fair values and all investment in debt securities are stated at fair value. Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

RECEIVABLES

The majority of the receivables are related to book sales, donations and royalty advances. Receivables are stated net of any allowance for doubtful accounts and sales returns ($548,000 and $543,000 for 2019 and 2018, respectively). Trade accounts receivable become past due when they exceed their contractual due dates, usually 30 to 90 days from the date of sale. The allowance for doubtful accounts receivable is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall trade receivables by management. Management's evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates, and ultimate loss may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. At June 30, 2019 and 2018, trade accounts receivable past due 90 days or more totaled $36,000 and $84,000, respectively.

ROYALTY ADVANCES

The Press has entered into book publishing agreements with various artists and authors. The Press agrees to pay the artists and authors a nonrefundable advance against future royalties earned. Future royalties are based on a percentage of net sales as defined in the agreements. In the event that InterVarsity anticipates that the future product sales do not earn back the royalty advance, an allowance for doubtful royalties is recorded.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

BOOKS AND SUPPLIES INVENTORY
Books and supplies inventory is stated at the lower of cost, determined principally by the first-in, first-out method, or market. Inventory consists of the following at June 30 (in thousands):

	2019	2018
Books and merchandise	$ 3,708	$ 3,326
Supplies	264	396
	3,972	3,722
Reserve for slow-moving inventory	(234)	(250)
	$ 3,738	$ 3,472

LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION
Computer software owned by InterVarsity and equipment over $5,000 and other items over $3,000 are capitalized at cost, or if the asset was contributed, at estimated fair market value at the date of the contribution. The values are determined from publications, appraisals and other sources that assist in establishing a market value. InterVarsity does not capitalize software development costs for Software as a Services licenses. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	31.5 years to 39 years
Computer, software and equipment	3 - 5 years
Other equipment	3 years
Furniture and fixtures	7 years

TRUST AND ANNUITY AGREEMENTS
InterVarsity has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the assets received, recognized at fair value, and the liability for future payments, determined on an actuarial basis, is recognized as unrestricted support at the date of the gift, unless the gift portion is restricted. InterVarsity uses industry standard practices to calculate the actuarial annuity liability, using IRS published mortality rate tables at a 3.5% assumed rate of return. Assets related to annuity agreements are included in investments. In accordance with the regulations of the State of Wisconsin, InterVarsity maintains a cash reserve of the greater of $100,000 or 10% of annuities payable as security for life annuities.

As trustee, InterVarsity administers limited revocable trusts that provide a beneficial interest to InterVarsity at the grantor's death. The agreements are revocable, in whole or in part, upon the written request of the grantor, if there is an adverse change in the grantors' financial circumstances or a change in the mission of InterVarsity. As a result of these conditional rights, the principal amounts provided are recorded as liabilities. All income paid is reportable by the grantor for tax purposes. At the grantor's death, the remaining trust amount will be recorded as contribution income. Assets related to trust agreements are included in investments. See Note 7.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DEFERRED REVENUE

Income from the Urbana conference and camp fees are deferred and recognized in the period the event occurs.

NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available for ministry purposes under the direction of the Board, those designated by the Board for a specific use.

Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

REVENUE AND EXPENSE RECOGNITION

InterVarsity reports amounts received for general ministry purposes and those received pursuant to appeals, grant awards or agreements to perform specific programs which are expended in the same fiscal year as received as support without donor restrictions. Current year amounts received for specific ministry programs that have not yet been expended at year-end are reported as support with donor restrictions. When such amounts are expended for the specific ministry program in future periods, they are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions are subject to a 13% administrative assessment, which is used to cover general and administrative costs, ministry support and grants to staff with financial needs. Donations received between July 1, 2019 and July 12, 2019, and between July 1, 2018 and July 10, 2018, that are designated by the donor to apply to the previous year, are recognized as revenue and as donations receivable at June 30. Donations that are unconditionally pledged are recorded as revenue and as donations receivable when the pledge is received. Estate gifts are recorded as donations receivable and revenue at the time InterVarsity has an established right to the gift and the proceeds are measurable.

Sales revenue is recognized when goods are shipped or otherwise delivered to customers. Revenues and expenses from conferences and camp fees are deferred until the event occurs. All other revenues are recognized when earned and expenses when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities of InterVarsity have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited and are allocated on estimated time and effort. The supporting activities are indispensable to the conduct of the program services and to InterVarsity's existence.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SHIPPING AND HANDLING COSTS
Total costs for shipping and handling were $481,000 and $472,000 for the years ended June 30, 2019 and 2018, respectively. Shipping and handling fees to customers of $156,000 and $199,000 for the years ended June 30, 2019 and 2018, respectively, were used to offset these costs and were netted against program postage and shipping expense.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT
In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.* InterVarsity adopted the provisions of this new standard in the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and availability of resources (Note 13) and disclosures related to functional allocation of expenses were expanded (Note 2).

3. INVESTMENTS:
Investments consist of the following at June 30 (in thousands):

	2019	2018
Fair market value:		
U.S. government and government agency obligations	$ -	$ 427
U.S. Treasury Notes	5,393	3,000
Corporate obligations	-	586
Mutual funds	29,670	30,684
	35,063	34,697
Equity method:		
Investment in Lucent captive insurance holding company	1,699	2,005
	$ 36,762	$ 36,702

Investments include $552,000 and $561,000 related to liabilities under annuity agreements at June 30, 2019 and 2018, respectively.

3. INVESTMENTS, continued:

INVESTMENT IN CAPTIVE INSURANCE COMPANY:

InterVarsity, along with 9 other nonprofit organizations, are members of an offshore captive insurance holding company, Lucent Insurance, Ltd. (Lucent). Beginning on September 11, 2018, there is one wholly-owned subsidiary of Lucent, Lucent Reinsurance, Ltd. (Lucent Re). InterVarsity owns a non-controlling interest of the common stock of the captive and is accounting for the investment under the equity method, due to its ability to exercise significant influence over the operations of Lucent.

Lucent insures claims relating to workers' compensation, general liability, property and automobile liability. Lucent pays the first $250,000 of any covered claim and Lucent Re pays the next $100,000 with the remaining coverage paid by a primary insurance carrier.

InterVarsity's investment in Lucent was approximately $1,699,000 and $2,005,000 as of June 30, 2019 and 2018, respectively, which represents 14.2% and 15.6% of Lucent's total equity, respectively. Financial information is recorded as of May 31, which represents the most recent data available. InterVarsity is not aware of any material changes to these balances as of June 30, 2019 and 2018. InterVarsity has paid approximately $528,000 and $588,000 in premiums to Lucent during the years ended June 30, 2019 and 2018, respectively. InterVarsity has received approximately $166,000 and $188,000 in reimbursements from Lucent during the years ended June 30, 2019 and 2018, respectively. In 2019 InterVarsity recorded a dividend from Lucent of $300,000.

Summary financial information of Lucent is as follows, rounded to the nearest thousand, at June 30:

	2019	2018
Total assets	$ 17,614	$ 17,863
Total liabilities	$ 5,672	$ 5,042
Comprehensive income (net of dividends)	$ (154)	$ 440

Amounts represent unaudited balances and activities through and for the years ended May 31, 2019 and 2018.

4. FAIR VALUE MEASUREMENTS:

InterVarsity adopted the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. These standards define fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market between market participants on the measurements date.

FASB ASC establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

4. FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the ASC fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018, (in thousands):

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2019:			
Financial assets:			
U.S. Treasury Notes	$ 5,393	$ -	$ 5,393
Mutual funds:			
Bond fund	10,058	10,058	-
Balanced fund	19,612	19,612	-
	$ 35,063	$ 29,670	$ 5,393

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2018:			
Financial assets:			
U.S. government and government agency obligations	$ 427	$ 427	$ -
U.S. Treasury Notes	3,000	-	3,000
Corporate obligations	586	-	586
Mutual funds:			
Equity fund	7,818	7,818	-
Bond fund	5,422	5,422	-
Balanced fund	17,444	17,444	-
	$ 34,697	$ 31,111	$ 3,586

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 Fair Value Measurements

The fair values of mutual funds are based on quoted market prices.

4. FAIR VALUE MEASUREMENTS, continued:

Level 2 Fair Value Measurements

The fair value of corporate obligations and U.S. Treasury Notes are based on yields currently available on comparable securities with similar credit ratings.

5. LAND, BUILDINGS AND EQUIPMENT, NET:

Land, buildings and equipment consist of the following at June 30 (in thousands):

	2019	2018
Buildings and improvements	$ 21,738	$ 21,383
Computer equipment	3,080	3,072
Other equipment	2,000	1,947
Furniture and fixtures	2,290	2,232
	29,108	28,634
Less accumulated depreciation and amortization	(16,004)	(14,856)
	13,104	13,778
Land	1,474	1,474
	$ 14,578	$ 15,252

The sale of the former headquarters buildings in December 2017 and May 2018 resulted in net cash proceeds of $2,849,000, disposal of the assets and a gain of $2,209,000 reflected in the consolidated statement of activities.

6. MEDICAL INSURANCE CLAIMS PAYABLE:

InterVarsity self insures the medical expenses of eligible employees. Under the self insurance plan, InterVarsity is responsible for the first $300,000 of covered medical expenses per person per year. Claims of any individual in excess of this amount are covered by an excess loss insurance policy. An accrued liability for claims payable is recorded based on an estimate of outstanding claims at June 30; however, the actual liability is unknown and exposure to losses in excess of the accrued liability may exist. Management believes the liability reflected in the consolidated statements of financial position is adequate to cover future losses. Claims expense and insurance costs under this program totaled $11,059,000 and $9,818,000 for the years ended June 30, 2019 and 2018, respectively.

7. TRUST AND ANNUITY AGREEMENTS:

Trust and annuity agreements consist of the following at June 30 (in thousands):

	2019	2018
Gift annuity liability	$ 235	$ 272
Revocable trusts and loan agreements	64	71
	$ 299	$ 343

8. OPERATING LEASES:

InterVarsity leases various facilities under operating leases expiring at various times through 2019. Generally, the leases provide that InterVarsity pays taxes, insurance, maintenance and other costs associated with use of the facilities. In 2019 and 2018, InterVarsity incurred rent expense of $513,000 and $501,000, respectively, under these leases and others that operate on a month to month basis.

In 2015, InterVarsity was assigned a lease on property in Wisconsin. The original lease began in 2000 with a 50 year life and provides two options to extend for terms of 20 years each. The property is evaluated every five years for increases in property value with the lease payments adjusted accordingly. Land lease expense was $100,000 and $100,000 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments under InterVarsity's non-cancelable operating leases are as follows (in thousands):

Year ending June 30,	
2020	$ 372
2021	287
2022	194
2023	111
2024	105
Thereafter	4,070
	$ 5,139

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following activities as of June 30 (in thousands):

	2019	2018
Ministry expenses for specific staff	$ 8,067	$ 8,693
Area, regional and national programs and projects	11,279	8,274
Support for the work at specific schools	2,968	2,743
Scholarships for camps and conferences	1,401	1,555
	$ 23,715	$ 21,265

10. FUNCTIONAL EXPENSES:

Expenses of InterVarsity by function are as follows for the year ended June 30 (in thousands):

	2019			
	Program	Management and general	Fundraising	Total
Salaries & payroll taxes	$ 51,739	$ 6,548	$ 8,265	$ 66,552
Education & training	410	38	20	468
Benefits	11,237	1,395	577	13,209
Professional fees	2,482	529	375	3,386
Office expenses	2,739	519	863	4,121
Information technology	416	1,200	46	1,662
Occupancy	1,091	601	5	1,697
Equipment	600	310	19	929
Depreciation	499	649	-	1,148
Travel	7,591	361	373	8,325
Conference, conventions & meetings	5,404	70	144	5,618
Advertising/promotion	1,145	32	47	1,224
Support to other missions	1,094	-	-	1,094
Interest	-	-	40	40
Cost of sales	7,297	-	-	7,297
Other	166	19	6	191
	$ 93,910	$ 12,271	$ 10,780	$ 116,961
% of total expenses	80.3%	10.5%	9.2%	

10. FUNCTIONAL EXPENSES, continued:

Expenses of InterVarsity by function are as follows for the year ended June 30 (in thousands):

	2018			
	Program	Management and general	Fundraising	Total
Salaries & payroll taxes	$ 50,552	$ 6,222	$ 6,880	$ 63,654
Education & training	455	28	11	494
Benefits	9,589	1,229	1,207	12,025
Professional fees	1,387	630	315	2,332
Office expenses	2,632	516	795	3,943
Information technology	266	1,032	38	1,336
Occupancy	1,135	592	5	1,732
Equipment	504	208	19	731
Depreciation	469	943	-	1,412
Travel	6,721	315	310	7,346
Conference, conventions & meetings	4,392	72	35	4,499
Advertising/promotion	1,129	22	12	1,163
Support to other missions	544	-	-	544
Interest	-	-	48	48
Cost of sales	5,212	-	-	5,212
Other	182	10	3	195
	$ 85,169	$ 11,819	$ 9,678	$ 106,666
% of total expenses	80.9%	11.2%	7.9%	

11. RETIREMENT PLAN:

InterVarsity maintains a defined contribution retirement plan (the Plan), under Section 403(b) of the IRC, for the benefit of all eligible employees as defined in the plan document. The Plan provides for InterVarsity to match 50% of the first 6% contributed by employees. In addition, InterVarsity makes a base contribution for each eligible employee based on years of service that ranges from 2% to 4%. For the years ended June 30, 2019 and 2018, retirement plan expense was approximately $3,118,000 and $2,961,000, respectively.

12. COMMITMENTS:

InterVarsity has available a $2 million unsecured line of credit which carries an interest rate of 4.18% and expires November 24, 2019. There was no outstanding indebtedness under these agreements as of June 30, 2019 and 2018.

12. COMMITMENTS, continued:

InterVarsity has signed contracts for several hotels and a conference center for the Urbana 2021 conference. Each contract contains a liquidated damages provision that is triggered if InterVarsity cancels the agreement without cause at any time after the contract is signed and increases the amount of liquidated damages owed for any such cancellation as the date of the conference gets closer.

A contract was signed by InterVarsity for the 2020 and 2023 National Staff Conference for a conference center. This event is also held every three years. The contract includes projected room revenue of approximately $428,000 and a minimum food purchase of $320,000 for each year the conference is held. The contract indicates that if InterVarsity finds it necessary to cancel the conference, InterVarsity would be committed to paying liquidated damages. For year of the conference, the schedule of liquidated damages is identified as follows:

National Staff Conference 2020:

Cancellation between contract execution and January 1, 2018, InterVarsity would be committed to paying 25% of contracted room profit. If cancelled between January 2, 2018 and January 1, 2019, 50% of contracted room profit and 20% of food and beverage guarantee. If cancelled between January 2, 2019 and June 3, 2019, 75% of contracted room profit and 35% of food and beverage guarantee. If cancelled between June 4, 2019 and scheduled departure date, 90% of contracted room profit and 50% of food and beverage guarantee.

National Staff Conference 2023:

Cancellation between contract execution and December 31, 2020, InterVarsity would be committed to paying 25% of contracted room profit. If cancelled between January 1, 2021 and January 3, 2022, 50% of contracted room profit and 20% of food and beverage guarantee. If cancelled between January 4, 2022 and June 1, 2022, 75% of contracted room profit and 35% of food and beverage guarantee. If cancelled between June 2, 2022 and scheduled departure date, 90% of contracted room profit and 50% of food and beverage guarantee.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES:

Intervarsity regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds in accordance with the investment policy annually reviewed and affirmed by the Board of Trustees. The following reflects the financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or because the governing board has set aside the funds for specific contingency reserves and projects within one year of the balance sheet date. These board designations could be drawn upon if the board approves that action.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

Financial assets: (in thousands)		
Cash and cash equivalents	$	2,739
Investments		36,762
Receivables:		
Trade		3,705
Donations		2,278
Financial assets, at year-end		45,484
Less those unavailable for operating needs within on year, due to:		
Investment in captive insurance company		1,699
Investments held in annuity trust		299
Donor restricted net assets		1,915
		3,913
Financial assets available to meet cash needs for general expenditures within one year	$	41,571

As part of liquidity management, InterVarsity has a policy to structure its financial assets to be available as its general operating needs, liabilities, and other obligations come due and part of this strategy includes the ability to draw on a line of credit for operating need up to $2,000,000. InterVarsity has $23,715,000 in net assets with donor restrictions for campus staff and project support. $22,800,000 amount of these funds are considered available to meet needs for general expenditures within one year.

14. URBANA MISSIONS CONFERENCE:

Revenue and program expenses for the year ended June 30, 2019, increased from the prior fiscal year by $5,314,000 and $4,183,000, respectively, related to the triennial Urbana Missions Conference, which was held during the June 30, 2019, fiscal year. Revenue and expenses for Urbana were received and incurred, respectively, over the two years beginning July 1, 2017 and ending June 30, 2019. Revenue and expenses were $8,324,000 and $8,997,000, respectively, for the year ending June 30, 2019.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 27, 2019, which represents the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

Audit Committee
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

We have audited the consolidated financial statements of InterVarsity Christian Fellowship/USA as of and for the years ended June 30, 2019 and 2018, and our report thereon dated September 27, 2019, which expresses an unmodified opinion on those consolidated financial statements, appears on page 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statements of activities of the individual ministry areas are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Naperville, IL
September 27, 2019

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INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Supplemental Schedule - Activities by Ministry Area
Consolidated Statements of Activities
(in thousands)

	Year Ended June 30, 2019							Year Ended June 30, 2018					
	Without Donor Restrictions							Without Donor Restrictions					
	Core Ministries	Press	Camps	Urbana	Plan	With Donor Restrictions	Total	Core Ministries	Press	Camps	Urbana	With Donor Restrictions	Total
SUPPORT AND REVENUE:													
Donations	$ 67,156	$ -	$ 322	$ 1,295	$ 7,282	$ 13,193	$ 89,248	$ 68,024	$ -	$ 318	$ 1,055	$ 11,663	$ 81,060
Sales of books and media	71	18,068	132	50	-	-	18,321	205	15,449	124	-	-	15,778
Conference and rental fees	1,787	-	2,972	3,769	-	-	8,528	1,831	-	2,973	-	-	4,804
Royalties and commissions	111	440	-	199	-	-	750	117	419	-	1	-	537
Investment income	2,502	-	-	-	-	-	2,502	3,042	-	-	-	-	3,042
Gain on sale of former headquarters	-	-	-	-	-	-	-	2,209	-	-	-	-	2,209
Other income	1	1	-	59	-	-	61	-	1	-	-	-	1
Net assets released from restrictions	9,805	(101)	14	998	27	(10,743)	-	10,502	50	6	-	(10,558)	-
	81,433	18,408	3,440	6,370	7,309	2,450	119,410	85,930	15,919	3,421	1,056	1,105	107,431
EXPENSES:													
Program	71,553	12,814	3,613	5,464	466	-	93,910	68,959	10,696	3,508	2,006	-	85,169
Administrative	7,684	4,043	-	-	544	-	12,271	7,955	3,864	-	-	-	11,819
Fundraising and communications	9,824	-	-	-	956	-	10,780	9,678	-	-	-	-	9,678
Inter-company cost allocations	(1,825)	621	162	1,105	(63)	-	-	(948)	350	218	380	-	-
	87,236	17,478	3,775	6,569	1,903	-	116,961	85,644	14,910	3,726	2,386	-	106,666
Change in Net Assets	(5,803)	930	(335)	(199)	5,406	2,450	2,449	286	1,009	(305)	(1,330)	1,105	765
Net Assets, Beginning of Year	23,609	12,203	(100)	(474)	-	21,265	56,503	23,323	11,194	205	856	20,160	55,738
Net Assets, End of Year	$ 17,806	$ 13,133	$ (435)	$ (673)	$ 5,406	$ 23,715	$ 58,952	$ 23,609	$ 12,203	$ (100)	$ (474)	$ 21,265	$ 56,503

Note: The last Urbana convention occurred in the fiscal year ending June 30, 2019, and the next Urbana convention is December 27-31, 2021.