INTERVARSITY CHRISTIAN
FELLOWSHIP/USA

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2018 and 2017

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Table of Contents

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, 2018 and 2017, 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 audits 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.

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, 2018 and 2017, 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.

Capin Crouse LLP

Wheaton, Illinois
October 8, 2018

120 East Liberty Drive, Suite 270
Wheaton, IL 60187
630.682.9797
capincrouse.com

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Financial Position
(in thousands)

	June 30, 2018	June 30, 2017
ASSETS:		
Cash and cash equivalents	$ 2,460	$ 1,672
Investments	36,702	36,213
Receivables:		
Trade and subscribers, less allowance for doubtful receivables and returns of $416,000 and $490,000 in 2018 and 2017, respectively	2,581	2,589
Donations	1,316	1,137
Royalty advances, less allowance for doubtful receivables of $508,000 and $349,000 in 2018 and 2017, respectively	1,736	1,739
Miscellaneous	382	206
Books and supplies inventory, net	3,472	3,385
Prepaid expenses, deposits and other assets	1,026	1,274
Land, buildings and equipment, net	15,252	16,485
Total Assets	$ 64,927	$ 64,700
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued liabilities	$ 4,352	$ 5,999
Medical insurance claims payable	787	752
Trust and annuity agreements	343	385
Royalties payable	1,884	1,559
Deferred revenue	1,058	267
	8,424	8,962
Net assets:		
Unrestricted:		
Net investment in land, buildings and equipment	15,252	16,485
Undesignated	19,986	19,093
	35,238	35,578
Temporarily restricted	21,265	20,160
	56,503	55,738
Total Liabilities and Net Assets	$ 64,927	$ 64,700

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Activities
(in thousands)

	Year Ended June 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Donations	$ 69,397	$ 11,663	$ 81,060	$ 67,213	$ 11,016	$ 78,229
Sales of books and media	15,778	-	15,778	14,849	-	14,849
Conference fees	4,804	-	4,804	5,823	-	5,823
Royalties and commissions	537	-	537	408	-	408
Investment income	3,042	-	3,042	3,884	-	3,884
Gain on sale of former headquarters	2,209	-	2,209	-	-	-
Other income	1	-	1	1	-	1
	95,768	11,663	107,431	92,178	11,016	103,194
RECLASSIFICATIONS:						
Net assets released from restrictions:			-			-
Satisfaction of program restrictions	10,558	(10,558)	-	11,635	(11,635)	-
	106,326	1,105	107,431	103,813	(619)	103,194
EXPENSES:						
Program	85,169	-	85,169	86,062	-	86,062
Administrative	11,819	-	11,819	11,943	-	11,943
Fund-raising and communications	9,678	-	9,678	8,416	-	8,416
	106,666	-	106,666	106,421	-	106,421
Change in Net Assets	(340)	1,105	765	(2,608)	(619)	(3,227)
Net Assets, Beginning of Year	35,578	20,160	55,738	38,186	20,779	58,965
Net Assets, End of Year	$ 35,238	$ 21,265	$ 56,503	$ 35,578	$ 20,160	$ 55,738

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 765	$ (3,227)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization of buildings and equipment	1,413	1,569
Unrealized and realized gains on investments	(2,469)	(3,182)
Matured annuities	(42)	(14)
New annuities	25	
Actuarial change in value of annuities and trusts, net of payments	23	45
Gain on disposal of fixed assets	(2,209)	-
Changes in:		
Receivables	(344)	(226)
Books and supplies inventory	(87)	(277)
Prepaid expenses, deposits and other assets	248	274
Accounts payable and other accrued liabilities	(47)	(240)
Medical insurance claims payable	35	212
Royalties payable	325	258
Deferred revenue	791	(116)
Net Cash Used by Operating Activities	(1,573)	(4,924)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(7,556)	(805)
Proceeds from sales and maturities of investments	9,536	3,555
Proceeds from sale of building and land	2,849	-
Purchases of buildings and equipment	(820)	(1,673)
Net Cash Provided by Investing Activities	4,009	1,077
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draw on line of credit	-	1,600
Paydown on line of credit	(1,600)	-
Annuity and trust payments	(48)	(58)
Net Cash (Used) Provided by Financing Activities	(1,648)	1,542
Net Change in Cash and Cash Equivalents	788	(2,305)
Cash and Cash Equivalents, Beginning of Year	1,672	3,977
Cash and Cash Equivalents, End of Year	$ 2,460	$ 1,672
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 48	$ 57

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, 2018 and 2017, InterVarsity’s cash balances exceeded federally insured limits by $447,000 and $230,000, respectively. InterVarsity 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 ($543,000 and $490,000 for 2018 and 2017 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, 2018 and 2017, trade accounts receivable past due 90 days or more totaled $84,000 and $78,000, 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 the future product sales do not earn back the royalty advance, the royalty is written off to cost of goods sold in the period the advance is determined to be uncollectible.

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):

	2018	2017
Books and merchandise	$ 3,326	$ 3,139
Supplies	396	428
	3,722	3,567
Reserve for slow-moving inventory	(250)	(182)
	$ 3,472	$ 3,385

LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION
Computer 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. 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 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 a software package to calculate the actuarial annuity liability. The software package uses published mortality rate tables adopted by the IRS and uses a 3.5% assumed rate of return in that calculation. Assets related to annuity agreements are included in investments. The State of Wisconsin requires that InterVarsity maintain 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.

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:

Unrestricted net assets are currently available for ministry purposes under the direction of the Board, those designated by the Board for a specific use and those resources invested in property and equipment.

Temporarily restricted net assets 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 unrestricted support. Current year amounts received for specific ministry programs that have not yet been expended at year-end are reported as temporarily restricted support. When such amounts are expended for the specific ministry program in future periods, they are reclassified to the unrestricted class 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, 2018 and July 12, 2018, and between July 1, 2017 and July 10, 2017, 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. 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 $472,000 and $511,000 for the years ended June 30, 2018 and 2017, respectively. Shipping and handling fees to customers of $199,000 and $216,000 for the years ended June 30, 2018 and 2017, respectively, were used to offset these costs and were netted against program postage and shipping expense.

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

	2018	2017
Fair market value:		
U.S. government and government agency obligations	$ 427	$ 654
U.S. Treasury Notes	3,000	-
Corporate obligations	586	706
Mutual funds	30,684	33,557
	34,697	34,917
Equity method:		
Investment in Lucent captive insurance holding company	2,005	1,296
	$ 36,702	$ 36,213

Investments include $561,000 and $520,000 related to liabilities under annuity agreements at June 30, 2018 and 2017, respectively.

Investment income consists of the following for the years ended June 30 (in thousands):

	2018	2017
Fair market value:		
Interest and dividends on investments	$ 551	$ 692
Interest on cash and cash equivalents	22	10
Unrealized and realized gains on investments	1,760	3,031
	2,333	3,733
Equity method:		
Unrealized and realized gains on investments	709	151
	$ 3,042	$ 3,884

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), to provide coverage workers' compensation, general liability, property and automobile liability, and physical damage. 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.

InterVarsity's investment in Lucent was approximately $2,005,000 and $1,296,000, as of June 30, 2018 and 2017, respectively, which represents 15.64% and 12.96% of Lucent's total equity, respectively. Financial information is recorded as of August 31, which represents the most recent data available. InterVarsity is not aware of any material changes to these balances as of June 30, 2018 and 2017. InterVarsity has paid approximately $588,000 and $544,000 in premiums to Lucent during the years ended June 30, 2018 and 2017, respectively. InterVarsity has received approximately $188,000 and $186,000 in reimbursements from Lucent during the years ended June 30, 2018 and 2017, respectively.

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

	2018	2017
Total assets	$ 17,863	$ 17,232
Total liabilities	5,042	7,235
Comprehensive income (net of dividends)	440	880

Amounts represent unaudited balances and activities through and for the years ended May 31, 2018 and 2017.

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.

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, 2018 and 2017, (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, 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
June 30, 2017:			
Financial assets:			
U.S. government and government agency obligations	$ 654	$ 654	$ -
Corporate obligations	706	-	706
Mutual funds:			
Equity fund	8,560	8,560	-
Bond fund	5,609	5,609	-
Balanced fund	19,388	19,388	-
	$ 34,917	$ 34,211	$ 706

4. FAIR VALUE MEASUREMENTS, continued:

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.

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):

	2018	2017
Buildings and improvements	$ 21,383	$ 23,168
Computer equipment	3,072	3,683
Other equipment	1,947	2,111
Furniture and fixtures	2,232	2,989
	28,634	31,951
Less accumulated depreciation and amortization	(14,856)	(17,355)
	13,778	14,596
Land	1,474	1,889
	$ 15,252	$ 16,485

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 $500,000 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 $9,818,000 and $9,274,000 for the years ended June 30, 2018 and 2017, respectively.

7. TRUST AND ANNUITY AGREEMENTS:

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

	2018	2017
Gift annuity liability	$ 272	$ 317
Revocable trusts and loan agreements	71	68
	$ 343	$ 385

8. OPERATING LEASES:

InterVarsity leases various facilities under operating leases expiring at various times through 2018. Generally, the leases provide that InterVarsity pays taxes, insurance, maintenance and other costs associated with use of the facilities. In 2018 and 2017, InterVarsity incurred rent expense of $262,000 and $251,000, 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, 2018 and 2017, respectively.

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

Year ending June 30,	
2018	$ 243
2019	126
2020	100
2021	100
2022	100
Thereafter	4,070
	$ 4,739

9. INCOME TAXES:

InterVarsity has received a determination dated May 1985 from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(c)(3) of the IRC. InterVarsity is subject to unrelated business income tax on certain of its activities which are deemed to be unrelated to its exempt purpose; however, InterVarsity is currently not paying any unrelated business income tax due to federal and state operating loss carry forwards of $9,000.

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following activities as of June 30, (in thousands):

	2018	2017
Ministry expenses for specific staff	$ 8,693	$ 9,556
Area, regional and national programs and projects	8,274	7,212
Support for the work at specific schools	2,743	2,259
Scholarships for camps and conferences	1,555	1,133
	$ 21,265	$ 20,160

11. FUNCTIONAL EXPENSES:

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

	2018			
	Program	Management and general	Fund-raising	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	79.8%	11.1%	9.1%	

11. FUNCTIONAL EXPENSES, continued:

	2017			
	Program	Management and general	Fund-raising	Total
Salaries & payroll taxes	$ 50,034	$ 5,048	$ 6,066	$ 61,148
Education & training	275	24	-	299
Benefits	10,303	996	1,188	12,487
Professional fees	1,257	864	529	2,650
Office Expenses	2,744	401	294	3,439
Information Technology	428	2,328	8	2,764
Occupancy	993	587	1	1,581
Equipment	139	97	4	240
Depreciation	469	1,099	-	1,568
Travel	7,040	289	232	7,561
Conference, conventions & meetings	5,640	148	35	5,823
Advertising/promotion	995	35	-	1,030
Support to other missions	519	-	-	519
Interest	-	-	57	57
Cost of sales	5,042	-	-	5,042
Other	184	27	2	213
	$ 86,062	$ 11,943	$ 8,416	$ 106,421
% of total expenses	80.9%	11.2%	7.9%	

12. 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, 2018 and 2017, retirement plan expense was approximately $2,961,000 and $2,858,000, respectively.

13. COMMITMENTS:

InterVarsity has available a $2 million unsecured line of credit which carries an interest rate of 4.00% and expires November 25, 2018. InterVarsity also has an unsecured standby letter of credit in the amount of $105,000 which expires December 31, 2018. The outstanding indebtedness under these agreements as of June 30, 2018 and 2017, was $0 and $1,600,000, respectively. The letter of credit balances was included in accounts payable and other accrued expenses on the statements of financial position.

13. COMMITMENTS, continued:

InterVarsity has signed a contract dated June 30, 2016, with a hotel for hosting attendees of InterVarsity's Urbana Conference scheduled for December 2018, that is held every three years. The contract includes net projected room revenue of approximately $300,000 and indicates that if InterVarsity finds it necessary to cancel the conference, InterVarsity would be committed to paying 30% of projected revenue if cancelled between August 1, 2017 and February 28, 2018, 50% of projected revenue if canceled between March 1, 2018 and September 30, 2018, and 70% of revenue if cancelled between October 1, 2018 thru date of arrival.

InterVarsity has signed contracts with several other hotels for Urbana 2018. These hotels have a combined future projected revenue of approximately $1,510,000. Based on the terms of the agreements, InterVarsity will be responsible for liquidated damages if the event is cancelled. The slippage amount begins as of the date of signing these contracts through December 31, 2017, for which InterVarsity will be responsible for 10% of the slippage amount, based on the projected revenue. After that date, the percentage due increases by 20% on January 1, 2018, July 1, 2018 and October 1, 2018, through date of arrival.

A contract was also 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.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 8, 2018, 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, 2018 and 2017, and our report thereon dated October 8, 2018, which expresses an unmodified opinion on those consolidated financial statements, appears on page 1. 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

Wheaton, Illinois
October 8, 2018

120 East Liberty Drive, Suite 270
Wheaton, IL 60187
630.682.9797
capincrouse.com

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

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

	Year Ended June 30, 2018						Year Ended June 30, 2017					
	Unrestricted						Unrestricted					
	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total
SUPPORT AND REVENUE:												
Donations	$ 68,024	$ -	$ 318	$ 1,055	$ 11,663	$ 81,060	$ 66,462	$ 15	$ 363	$ 373	$ 11,016	$ 78,229
Sales of books and media	205	15,449	124	-	-	15,778	351	14,329	167	2	-	14,849
Conference and rental fees	1,831	-	2,973	-	-	4,804	2,516	-	3,307	-	-	5,823
Royalties and commissions	117	419	-	1	-	537	82	316	-	10	-	408
Investment income	3,042	-	-	-	-	3,042	3,884	-	-	-	-	3,884
Gain on Sale of Former Headqu	2,209	-	-	-	-	2,209	-	-	-	-	-	-
Other income	-	1	-	-	-	1	-	1	-		-	1
Net assets released from restrictions	10,502	50	6		(10,558)	-	11,843	-	(233)	25	(11,635)	-
	85,930	15,919	3,421	1,056	1,105	107,431	85,138	14,661	3,604	410	(619)	103,194
EXPENSES:												
Program	68,959	10,696	3,508	2,006	-	85,169	70,546	11,291	3,463	762	-	86,062
Administrative	7,955	3,864	-	-	-	11,819	9,257	2,686	-	-	-	11,943
Fund-raising and communicatior	9,678	-	-	-	-	9,678	8,416	-	-	-	-	8,416
Inter-company cost allocations	(948)	350	218	380	-	-	(915)	359	252	304	-	-
	85,644	14,910	3,726	2,386	-	106,666	87,304	14,336	3,715	1,066	-	106,421
Change in Net Assets	286	1,009	(305)	(1,330)	1,105	765	(2,166)	325	(111)	(656)	(619)	(3,227)
Net Assets, Beginning of Year	23,213	11,194	205	966	20,160	55,738	25,379	10,869	316	1,622	20,779	58,965
Net Assets, End of Year	$ 23,499	$ 12,203	$ (100)	$ (364)	$ 21,265	$ 56,503	$ 23,213	$ 11,194	$ 205	$ 966	$ 20,160	$ 55,738

Note: The last Urbana convention occurred in the fiscal year ending June 30, 2016, and the next Urbana convention is December 27-31, 2018.