INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

CAPINCROUSE LLP

INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Audit Committee
InterVarsity Christian Fellowship/USA and Subsidiaries
Madison, Wisconsin

Opinion
We have audited the accompanying consolidated financial statements of InterVarsity Christian Fellowship/USA and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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 and subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of InterVarsity Christian Fellowship/USA and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about InterVarsity Christian Fellowship/USA and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of InterVarsity Christian Fellowship/USA and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about InterVarsity Christian Fellowship/USA and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Audit Committee
InterVarsity Christian Fellowship/USA and Subsidiaries
Madison, Wisconsin

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the consolidated financial statements of Lucent Insurance, Ltd., an investee of which InterVarsity Christian Fellowship/USA and subsidiaries have a significant influence. Those consolidated statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the investment in Lucent Insurance, Ltd., is based solely on the report of the other auditors. The investee entity reports on the insurance basis of accounting as required by the Bermudan Insurance Regulators which is a financial reporting framework other than generally accepted accounting principles in the United States. We have applied audit procedures on the conversion adjustments to the financial statements of Lucent Insurance, Ltd., which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Lucent Insurance, Ltd., prior to these conversion adjustments, is based solely on the report of the other auditors. The investment in Lucent Insurance, Ltd. made up 2.0% and 2.2% of the InterVarsity Christian Fellowship/USA and subsidiaries total assets as of June 30, 2023 and 2022, respectively, and 6.9% and 0.2% of its change in net assets for the years ended June 30, 2023 and 2022, respectively.

Capin Crouse LLP

Indianapolis, Indiana
November 2, 2023

INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

Consolidated Statements of Financial Position
(in thousands)

	June 30, 2023	June 30, 2022
ASSETS:		
Cash and cash equivalents	$ 4,262	$ 4,509
Receivables:		
Trade and subscribers, less allowance for doubtful receivables and returns of $165,000 and $185,000 in 2023 and 2022, respectively	2,899	3,758
Contributions	792	520
Royalty advances, less allowance for doubtful receivables of $566,000 and $877,000 in 2023 and 2022, respectively	3,209	2,957
Grant receivable	6,884	-
Miscellaneous	471	70
Books and supplies inventory, net	4,121	4,631
Property held for sale	1,600	192
Investments	39,499	47,493
Prepaid expenses, deposits and other assets	1,810	1,412
Right-of-use operating asset	940	-
Land, buildings and equipment, net	8,108	10,081
Total Assets	$ 74,595	$ 75,623
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued liabilities	$ 4,377	$ 4,823
Medical insurance claims payable	850	850
Trust and annuity agreements	100	323
Royalties payable	2,270	2,226
Deferred revenue	182	603
Right-of-use operating lease obligation	1,222	-
Total liabilities	9,001	8,825
Net assets:		
Net assets without donor restrictions	36,029	35,119
Net assets with donor restrictions	29,565	31,679
Total net assets	65,594	66,798
Total Liabilities and Net Assets	$ 74,595	$ 75,623

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

Consolidated Statements of Activities

(in thousands)

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 64,245	$ 25,809	$ 90,054	$ 65,885	$ 28,160	$ 94,045
Sales of books and media	16,521	-	16,521	18,264	-	18,264
Grant revenue	6,884	-	6,884	-	-	-
Conference and rental fees	3,746	-	3,746	1,504	-	1,504
Royalties and commissions	700	-	700	621	-	621
Investment income (loss)	4,618	-	4,618	(5,238)	-	(5,238)
Other income	225	-	225	153	-	153
	96,939	25,809	122,748	81,189	28,160	109,349
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of program restrictions	27,923	(27,923)	-	25,524	(25,524)	-
	124,862	(2,114)	122,748	106,713	2,636	109,349
EXPENSES:						
Program	95,102	-	95,102	90,537	-	90,537
Administrative	15,527	-	15,527	13,617	-	13,617
Fundraising	13,323	-	13,323	12,588	-	12,588
	123,952	-	123,952	116,742	-	116,742
Change in Net Assets	910	(2,114)	(1,204)	(10,029)	2,636	(7,393)
Net Assets, Beginning of Year	35,119	31,679	66,798	45,148	29,043	74,191
Net Assets, End of Year	$ 36,029	$ 29,565	$ 65,594	$ 35,119	$ 31,679	$ 66,798

See notes to consolidated financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,204)	$ (7,393)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization of buildings and equipment	756	782
Unrealized and realized (gains) losses on investments	(3,878)	5,961
Gain on disposal of assets	-	(362)
Actuarial change in value of annuities and trusts, net of payments	3	(2)
Non-cash effect of change in accounting principle	(8)	-
Changes in:		
Receivables	(6,950)	(261)
Books and supplies inventory	510	(898)
Prepaid expenses, deposits and other assets	(398)	(262)
Accounts payable and other accrued liabilities	(156)	813
Medical insurance claims payable	-	(13)
Royalties payable	44	(293)
Deferred revenue	(421)	494
Net Cash Used by Operating Activities	(11,702)	(1,434)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(16,344)	(17,098)
Proceeds from sales and maturities of investments	28,216	14,919
Proceeds from sale of building and land	-	1,327
Purchases of buildings and equipment	(191)	(593)
Net Cash Provided (Used) by Investing Activities	11,681	(1,445)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New annuity agreements	-	25
Matured annuity and trusts	(226)	-
Net Cash (Used) Provided by Financing Activities	(226)	25
Net Change in Cash and Cash Equivalents	(247)	(2,854)
Cash and Cash Equivalents, Beginning of Year	4,509	7,363
Cash and Cash Equivalents, End of Year	$ 4,262	$ 4,509

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, operating reserves fund and InterVarsity Press (IVP), which is a publisher of Christian books, pamphlets and other written materials. Effective September 11, 2020, IVP became a separate single-member limited liability company organized in the state of Delaware. The sole member of IVP is InterVarsity, and, for federal tax purposes, IVP is disregarded as an entity separate from InterVarsity and subject to InterVarsity's tax exemption. 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 contributions, 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 contributions 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. During the year ended June 30, 2023, InterVarsity entered an insured sweep account consortium arrangement to mitigate a substantial amount of the risk. At June 30, 2023 and 2022, InterVarsity's cash balances exceeded federally insured limits by $65,540 and $3,344,000, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY HELD FOR SALE
Property held for sale at June 30, 2023 consists of property located in Westmont, Illinois. Subsequent to year end the property was sold. Property held for sale at June 30, 2022, consisted of donated property located in Salt Lake City, Utah. The real estate held for sale is reported at the lower of its carrying amount or fair value less estimated selling costs.

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 net assets without donor restrictions 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, contributions and royalty advances. Trade and subscriber receivables are stated net of any allowance for doubtful accounts and sales returns ($165,000 and $185,000 for 2023 and 2022, 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, 2023 and 2022, trade accounts receivable past due 90 days or more totaled $96,000 and $176,000, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GRANT RECEIVABLE

Grant receivable consists of a tax credit claimed through the Employee Retention Credit (ERC) program offered through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge InterVarsity's claim to the ERC, so management is taking a conservative position by investing ERC proceeds in US Treasuries until the audit statute of three-years expires.

InterVarsity claimed a tax credit of $6,884,000, through the Employee Retention Credit program offered through the CARES Act. The credit is claimed in relation to qualified wages owed for the years ended June 30, 2020 and 2021. The full amount of the credit was recognized as grant revenue for the year ended June 30, 2023.

ROYALTY ADVANCES

IVP has entered into book publishing agreements with various artists and authors. IVP 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.

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 (in thousands):

	June 30,	
	2023	2022
Books and merchandise	$ 4,222	$ 4,678
Supplies	114	158
	4,336	4,836
Reserve for slow-moving inventory	(215)	(205)
	$ 4,121	$ 4,631

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 support without donor restrictions at the date of the gift, unless the gift portion is restricted by donor imposed stipulations. 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 grantor's 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. Performance obligations for conferences and camps are delivered over the term of the event. Consequently, associated revenues are earned and recognized over the course of each event as the services are delivered.

NET ASSETS
The consolidated financial statements report amounts by class of net assets as follows:

Net assets without donor restrictions are currently available for ministry purposes under the direction of the Board and 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 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. The majority of 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. Contributions that are unconditionally pledged are recorded as revenue and as contributions receivable when the pledge is received. Estate gifts are recorded as contributions 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

SHIPPING AND HANDLING COSTS

Total costs for shipping and handling were $516,000 and $506,000 for the years ended June 30, 2023 and 2022, respectively. Shipping and handling fees to customers of $148,000 and $184,000 for the years ended June 30, 2023 and 2022, respectively, were used to offset these costs and were netted against program postage and shipping expense.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842 of the ASC)*. The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. InterVarsity adopted this update for the year ended June 30, 2023. InterVarsity elected to adopt the transition relief provisions of ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and recorded the impact of adoption as of June 1, 2022, without restating any prior-year amounts. InterVarsity also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosures can be found in Note 12.

RECLASSIFICATIONS:

Certain prior year balances have been reclassified to conform with the current year presentation. The following changes were made:

	Balance Prior to Change	Reclassification	Balance After the Change
Consolidated Statements of Activities, Year Ended June 30, 2022			
Support and Revenue:			
Donation - Without Donor Restrictions	$ 61,264	$ 4,621	$ 65,885
Donations - With Donor Restrictions	$ 32,781	$ (4,621)	$ 28,160
Reclassifications:			
Satisfaction of program restrictions - Without Donor Restrictions	$ 30,145	$ (4,621)	$ 25,524
Satisfaction of program restrictions - With Donor Restrictions	$ (30,145)	$ 4,621	$ (25,524)

3. INVESTMENTS:

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

	June 30, 2023	June 30, 2022
Fair market value:		
U.S. Treasury Notes	$ 454	$ 785
Money market funds	1,137	468
Mutual funds	36,422	44,586
	38,013	45,839
Equity method:		
Investment in Lucent captive insurance holding company	1,486	1,654
	$ 39,499	$ 47,493

Investments include $594,000 and $545,000 related to liabilities under annuity agreements at June 30, 2023 and 2022, respectively.

INVESTMENT IN CAPTIVE INSURANCE COMPANY

InterVarsity, along with 10 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 insurance 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 $1,486,000 and $1,654,000 as of June 30, 2023 and 2022, respectively, which represents 11.4% and 11.6% 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, 2023 and 2022. InterVarsity has paid approximately $398,000 and $301,000 in premiums to Lucent during the years ended June 30, 2023 and 2022, respectively. InterVarsity has received approximately $157,000 and $80,000 in reimbursements from Lucent during the years ended June 30, 2023 and 2022, respectively. InterVarsity recorded dividends from Lucent of $250,000, for both the years ended June 30, 2023 and 2022.

3. INVESTMENTS, continued:

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

	2023	2022
Total assets	$ 21,175	$ 20,479
Total liabilities	$ 8,152	$ 6,222
Comprehensive (loss) income (net of dividends)	$ (82)	$ (1,016)

Amounts represent unaudited balances and activities through and for the years ended May 31, 2023 and 2022.

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, (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, 2023:			
Financial assets:			
U.S. Treasury Notes	$ 454	$ -	$ 454
Money market funds	1,137	1,137	-
Mutual funds:			
Bond funds	2,267	2,267	-
Balanced funds	34,155	34,155	-
	$ 38,013	$ 37,559	$ 454

4. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2022:			
Financial assets:			
U.S. Treasury Notes	$ 785	$ -	$ 785
Money market funds	468	468	-
Mutual funds:			
Equity fund	16	16	-
Bond funds	5,685	5,685	-
Balanced funds	38,885	38,885	-
	$ 45,839	$ 45,054	$ 785

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 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 (in thousands):

	June 30,	
	2023	2022
Buildings and improvements	$ 10,861	$ 15,557
Computer equipment	2,839	2,912
Other equipment	238	1,045
Furniture and fixtures	726	1,818
	14,664	21,332
Less accumulated depreciation and amortization	(7,475)	(12,291)
	7,189	9,041
Land	919	1,040
	$ 8,108	$ 10,081

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 $11,135,000 and $11,415,000 for the years ended June 30, 2023 and 2022, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS:

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

	June 30,	
	2023	2022
Ministry expenses for specific staff	$ 11,995	$ 13,973
Area, regional and national programs and projects	10,579	10,763
Support for the work at specific schools	5,520	5,470
Scholarships for camps and conferences	1,471	1,473
	$ 29,565	$ 31,679

8. FUNCTIONAL EXPENSES:

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

	Year Ended June 30, 2023			
	Program	Management and General	Fundraising	Total
Salaries & payroll taxes	$ 56,236	$ 7,993	$ 10,147	$ 74,376
Benefits	10,470	1,617	809	12,896
Cost of sales	6,671	-	-	6,671
Travel	7,905	344	345	8,594
Office expenses	2,823	416	1,117	4,356
Information technology	1,198	1,285	135	2,618
Conference, conventions & meetings	3,707	77	146	3,930
Professional fees	2,067	1,656	549	4,272
Occupancy	327	368	-	695
Advertising/promotion	1,459	42	-	1,501
Depreciation	189	567	-	756
Equipment	697	193	14	904
Education & training	449	48	30	527
Support to other missions	493	-	-	493
Other	167	300	28	495
Insurance	220	584	-	804
Interest	24	37	3	64
	$ 95,102	$ 15,527	$ 13,323	$ 123,952
% of Total Expenses	76.7%	12.6%	10.7%	

8. FUNCTIONAL EXPENSES, continued:

	Year Ended June 30, 2022			
	Program	Management and General	Fundraising	Total
Salaries & payroll taxes	$ 55,427	$ 6,919	$ 9,636	$ 71,982
Benefits	11,451	1,551	847	13,849
Cost of sales	6,740	-	-	6,740
Travel	5,444	397	317	6,158
Office expenses	2,443	327	1,007	3,777
Information technology	1,210	1,043	158	2,411
Conference, conventions & meetings	2,267	85	63	2,415
Professional fees	1,327	1,437	474	3,238
Occupancy	413	376	1	790
Advertising/promotion	1,545	49	-	1,594
Depreciation	191	591	-	782
Equipment	473	316	20	809
Education & training	478	48	13	539
Support to other missions	475	-	-	475
Other	205	60	19	284
Insurance	448	418	-	866
Interest	-	-	33	33
	$ 90,537	$ 13,617	$ 12,588	$ 116,742
% of Total Expenses	77.6%	11.6%	10.8%	

9. 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 November 2022, InterVarsity discontinued an additional base contribution that historically averaged 2% to 4% of salary, for all but a small segment of employees. For the years ended June 30, 2023 and 2022, retirement plan expense was approximately $2,600,000 and $3,745,000, respectively.

10. COMMITMENTS:

InterVarsity has available a $5,000,000 unsecured line of credit which carries an interest rate of 7.04% and expires November 30, 2023. There was no outstanding indebtedness under this agreement as of June 30, 2023 and 2022.

A contract was signed by InterVarsity for the 2024 National Staff Conference for a conference center. This event is typically held every three years. The 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. As of June 30, 2023, the maximum amount of liquidated damages is approximately $455,000.

11. 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 consolidated statements 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 consolidated statements of financial position date. Board designations could be drawn upon if the Board approves that action.

	June 30, 2023	June 30, 2022
Financial assets: (in thousands)		
Cash and cash equivalents	$ 4,262	$ 4,509
Investments	39,499	47,493
Receivables:		
Trade	2,899	3,758
Contributions	792	520
Grant receivable	6,884	-
Miscellaneous	471	70
Financial assets, at year end	54,807	56,350
Less those unavailable for operating needs within one year, due to:		
Investment in captive insurance company	(1,486)	(1,654)
Investments held in annuity trust	(100)	(323)
Donor restricted net assets	(4,546)	(4,434)
	(6,132)	(6,411)
Financial assets available to meet cash needs for general expenditures within one year	$ 48,675	$ 49,939

11. LIQUIDITY AND AVAILABILITY OF RESOURCES, continued:

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 needs up to $5,000,000. InterVarsity has $29,565,000 in net assets with donor restrictions for campus staff and project support as of June 30, 2023. Approximately $25,019,000 of these funds are considered available to meet needs for general expenditures within one year.

12. OPERATING LEASE - RIGHT OF USE ASSET AND OBLIGATION:

InterVarsity leases land for office use under a noncancellable lease ending in 2050. The discount rate represents the implicit interest rate within the lease agreement. Monthly payments under these leases total $9,186, with a discount rate of 9.00%.

The ground lease with an original maturity date of May 2050 contains an option for renewal for an additional 40 years (two-20 year renewals) with the increase in lease payment amount based on CPI for Urban areas, expiring in May 2090. As of June 30, 2023, this additional term is included in the operating lease calculations as management expects to exercise this extension.

	June 30, 2023
Operating lease right-of-use asset	$ 940
Operating lease liability	$ 1,222
Operating lease costs	$ 106
Weighted-average discount rate	9.00%
Weighted-average remaining lease term	66.92 years

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

Year Ending June 30,	
2024	$ 110
2025	110
2026	110
2027	110
2028	110
Thereafter	6,826
	7,376
Less imputed interest	(6,154)
	$ 1,222

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 2, 2023, 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 and Subsidiaries
Madison, Wisconsin

We have audited the consolidated financial statements of InterVarsity Christian Fellowship/USA and subsidiaries as of and for the years ended June 30, 2023 and 2022, and our report thereon dated November 2, 2023, 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 supplemental schedule of 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

Indianapolis, Indiana
November 2, 2023

INTERVARSITY CHRISTIAN FELLOWSHIP/USA AND SUBSIDIARIES

Supplemental Schedule - Activities by Ministry Area

Consolidated Statements of Activities

(in thousands)

	Year Ended June 30, 2023							Year Ended June 30, 2022						
	Without Donor Restrictions							Without Donor Restrictions						
	Core Ministries	IVP	Camps	Urbana	Strategic Plan	With Donor Restrictions	Total	Core Ministries	IVP	Camps	Urbana	Strategic Plan	With Donor Restrictions	Total
SUPPORT AND REVENUE:														
Contributions	$ 58,387	$ 44	$ 134	$ 1,688	$ 3,992	$ 25,809	$ 90,054	$ 52,523	$ 494	$ 131	$ 1,049	$ 7,067	$ 32,781	$ 94,045
Sales of books and media	164	16,306	1	50	-	-	16,521	184	18,079	1	-	-	-	18,264
Grant revenue	6,884	-	-	-	-	-	6,884	-	-	-	-	-	-	-
Conference and rental fees	1,252	-	808	1,686	-	-	3,746	999	-	465	-	40	-	1,504
Royalties and commissions	160	540	-	-	-	-	700	92	529	-	-	-	-	621
Investment income (loss)	4,570	48	-	-	-	-	4,618	(5,286)	48	-	-	-	-	(5,238)
Other income	224	1	-	-	-	-	225	151	2	-	-	-	-	153
Net assets released from restrictions	26,955	-	-	-	968	(27,923)	-	29,103	-	-	-	1,042	(30,145)	-
	98,596	16,939	943	3,424	4,960	(2,114)	122,748	77,766	19,152	597	1,049	8,149	2,636	109,349
EXPENSES:														
Program	75,911	13,455	751	4,382	603	-	95,102	74,900	13,101	690	1,235	611	-	90,537
Administrative	9,762	5,282	-	-	483	-	15,527	8,195	4,636	-	-	786	-	13,617
Fundraising	12,458	-	-	-	865	-	13,323	11,574	-	-	-	1,014	-	12,588
Inter-company cost allocations	6,279	(458)	-	326	(6,147)	-	-	(524)	582	-	8	(66)	-	-
	104,410	18,279	751	4,708	(4,196)	-	123,952	94,145	18,319	690	1,243	2,345	-	116,742
Change in Net Assets	(5,814)	(1,340)	192	(1,284)	9,156	(2,114)	(1,204)	(16,379)	833	(93)	(194)	5,804	2,636	(7,393)
Net Assets, Beginning of Year	11,341	16,916	(5,869)	(1,848)	14,579	31,679	66,798	27,720	16,083	(5,776)	(1,654)	8,775	29,043	74,191
Net Assets, End of Year	$ 5,527	$ 15,576	$ (5,677)	$ (3,132)	$ 23,735	$ 29,565	$ 65,594	$ 11,341	$ 16,916	$ (5,869)	$ (1,848)	$ 14,579	$ 31,679	$ 66,798

Note: InterVarsity has adopted the policy that restricted gifts received and used in the same year are considered contributions without donor restrictions. Gifts restricted for the Strategic Plan, for example, that were received and released in the current year are shown as without donor restriction