INTERVARSITY
INTERVARSITY CHRISTIAN FELLOWSHIP/USA

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Financial Statements
With Independent Auditors' Report

June 30, 2014 and 2013

CAPINCROUSE LLP
Certified Public Accountants

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Table of Contents

CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com 120 East Liberty Drive, Suite 270 Wheaton, IL 60187 630.682.9797

INDEPENDENT AUDITORS' REPORT

Board of Directors
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

We have audited the accompanying combined financial statements of InterVarsity Christian Fellowship/USA which comprise the combined statements of financial position as of June 30, 2014 and 2013, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of InterVarsity Christian Fellowship/USA as of June 30, 2014 and 2013, and the changes in its 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 28, 2014

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Financial Position
(in thousands)

	June 30, 2014	June 30, 2013
ASSETS:		
Cash and cash equivalents	$ 8,708	$ 7,173
Investments	32,469	29,589
Receivables:		
Trade and subscribers, less allowance for doubtful receivables and returns of $389,000 and $371,000 in 2014 and 2013, respectively	2,166	2,445
Donations	1,093	1,911
Royalty advances, less allowance for doubtful receivables of $259,000 and $222,000 in 2014 and 2013, respectively	1,814	1,749
Miscellaneous	268	212
Books and supplies inventory, net	3,173	3,098
Prepaid expenses, deposits and other assets	1,148	1,361
Land, buildings and equipment, net	8,219	8,649
	$ 59,058	$ 56,187
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued liabilities	$ 3,109	$ 3,654
Medical insurance claims payable	484	571
Trust and annuity agreements	503	556
Royalties payable	1,316	1,255
Deferred revenue	411	446
	5,823	6,482
Net assets:		
Unrestricted:		
Net investment in land, buildings and equipment	8,219	8,649
Undesignated	26,810	22,969
	35,029	31,618
Temporarily restricted	18,206	18,087
	53,235	49,705
	$ 59,058	$ 56,187

See notes to combined financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Activities
(in thousands)

	Year Ended June 30,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Donations	$ 63,321	$ 8,393	$ 71,714	$ 63,862	$ 9,072	$ 72,934
Sales of books and media	14,099	-	14,099	14,389	-	14,389
Conference fees	5,888	-	5,888	9,598	-	9,598
Royalties and commissions	405	-	405	616	-	616
Investment income	4,422	-	4,422	1,361	-	1,361
Other income	6	-	6	172	-	172
	88,141	8,393	96,534	89,998	9,072	99,070
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of program restrictions	8,274	(8,274)	-	7,014	(7,014)	-
	96,415	119	96,534	97,012	2,058	99,070
EXPENSES:						
Program	77,738	-	77,738	76,801	-	76,801
Administrative	7,712	-	7,712	6,936	-	6,936
Fund-raising and communications	7,554	-	7,554	6,912	-	6,912
	93,004	-	93,004	90,649	-	90,649
Change in Net Assets	3,411	119	3,530	6,363	2,058	8,421
Net Assets, Beginning of Year	31,618	18,087	49,705	25,255	16,029	41,284
Net Assets, End of Year	$ 35,029	$ 18,206	$ 53,235	$ 31,618	$ 18,087	$ 49,705

See notes to combined financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Cash Flows
(in thousands)

	Year Ended June 30, 2014	Year Ended June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,530	$ 8,421
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of buildings and equipment	749	656
Unrealized and realized gains on investments	(3,497)	(658)
Matured annuities	(94)	7
Actuarial change in value of annuities and trusts, net of payments	50	39
Loss on disposal of fixed assets	125	-
Changes in:		
Receivables	976	(1,061)
Books and supplies inventory	(75)	(1)
Prepaid expenses, deposits and other assets	213	(12)
Accounts payable and other accrued liabilities	(545)	(116)
Medical insurance claims payable	(87)	(65)
Royalties payable	61	109
Deferred revenue	(35)	(321)
Net Cash Provided by Operating Activities	1,371	6,998
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,418)	(11,474)
Proceeds from sales and maturities of investments	3,035	5,375
Purchases of buildings and equipment	(444)	(437)
Net Cash Provided (Used) by Investing Activities	173	(6,536)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity and trust payments	(64)	(71)
Face value of new annuities	144	(20)
Gift portion of new annuities	(89)	13
Net Cash Used by Financing Activities	(9)	(78)
Net Change in Cash and Cash Equivalents	1,535	384
Cash and Cash Equivalents, Beginning of Year	7,173	6,789
Cash and Cash Equivalents, End of Year	$ 8,708	$ 7,173
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 75	$ 73
Disposal of fully depreciated equipment	$ 341	$ 429

See notes to combined financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Notes to Combined Financial Statements

June 30, 2014 and 2013

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 combined 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 combined financial statements have been prepared on the accrual basis of accounting. The preparation of combined 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 combined 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. InterVarsity has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

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 held a 15% and 12% ownership interest in the captive as of June 30, 2014 and 2013, respectively. InterVarsity's equity in Lucent was $1,114,000 and $763,000, respectively, for June 30, 2014 and 2013. 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 combined 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 ($389,000 and $371,000 for 2014 and 2013, 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, 2014 and 2013, trade accounts receivable past due 90 days or more totaled $90,000 and $88,000, 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):

	2014	2013
Books and merchandise	$ 3,045	$ 2,853
Supplies	368	447
	3,413	3,300
Reserve for slow-moving inventory	(240)	(202)
	$ 3,173	$ 3,098

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
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 revocability 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 identity 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 combined 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 combined statements of activities as net assets released from restrictions. Donations received between July 1, 2014 and July 11, 2014, and between July 1, 2013 and July 10, 2013, 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.

Urbana (tri-annual missions convention) donations received are recognized as donation revenue in the period in which they are received. Urbana registration revenue is deferred until the event occurs.

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 combined 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. InterVarsity incurred joint costs of approximately $42,317,000 and $40,403,000 for collegiate staff members for 2014 and 2013, respectively. Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities. Of these costs, 10% were allocated to fund-raising and 90% to program activities.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

Advertising and promotion costs are expensed as they are incurred. Advertising and promotion expense was $710,000 and $731,000 for the years ended June 30, 2014 and 2013, respectively.

SHIPPING AND HANDLING COSTS

Total costs for shipping and handling were $575,000 and $456,000 for the years ended June 30, 2014 and 2013, respectively. Shipping and handling fees to customers of $299,000 and $330,000 and for the years ended June 30, 2014 and 2013, respectively, were used to offset these costs and were netted against program postage and shipping expense.

UNCERTAIN TAX POSITIONS

The combined financial statement effects of a tax position taken or expected to be taken are recognized in the combined financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the combined statements of activities. As of June 30, 2014, InterVarsity had no uncertain tax positions that qualify for recognition or disclosure in the combined financial statements. InterVarsity files information tax returns in the U.S. and various states. These returns are generally no longer subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing date.

3. INVESTMENTS:

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

	2014	2013
Fair market value:		
U.S. government and government agency obligations	$ 2,726	$ 4,985
Corporate obligations	758	1,424
Mutual funds	27,871	22,417
	31,355	28,826
Equity method:		
Investment in Lucent captive insurance holding company	1,114	763
	$ 32,469	$ 29,589

Investments include $866,000 and $741,000 related to liabilities under annuity agreements at June 30, 2014 and 2013, respectively.

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

	2014	2013
Fair market value:		
Interest and dividends on investments	$ 915	$ 690
Interest on cash and cash equivalents	10	13
Unrealized and realized gains on investments	3,146	543
	4,071	1,246
Equity method:		
Unrealized and realized gains on investments	351	115
	$ 4,422	$ 1,361

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 combined 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, 2014 and 2013 (in thousands):

4. FAIR VALUE MEASUREMENTS, continued:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2014:			
Financial assets:			
U.S. government and government agency obligations	$ 2,726	$ 2,726	$ -
Corporate obligations	758	-	758
Mutual funds:			
Equity fund	13,304	13,304	-
Bond fund	5,218	5,218	-
Balanced fund	9,349	9,349	-
	$ 31,355	$ 30,597	$ 758
June 30, 2013:			
Financial assets:			
U.S. government and government agency obligations	$ 4,985	$ 4,985	$ -
Corporate obligations	1,424	-	1,424
Mutual funds:			
Equity fund	12,003	12,003	-
Bond fund	4,564	4,564	-
Balanced fund	5,850	5,331	519
	$ 28,826	$ 26,883	$ 1,943

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined 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 U.S. Government securities and mutual funds are based on quoted market prices.

Level 2 Fair Value Measurements
The fair value of corporate obligations are based on yields currently available on comparable securities with similar credit ratings. The fair value of mutual funds are based on investments in a variety of instruments, the most significant of which are common stocks, short-term investments, U.S. Treasury securities and private investment funds. These mutual funds are not traded in active markets.

5. LAND, BUILDINGS AND EQUIPMENT, NET:

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

	2014	2013
Buildings and improvements	$ 14,983	$ 14,706
Computer equipment	1,085	1,318
Other equipment	1,750	1,853
Furniture and fixtures	2,375	2,337
	20,193	20,214
Less accumulated depreciation and amortization	(13,733)	(13,324)
	6,460	6,890
Land	1,759	1,759
	$ 8,219	$ 8,649

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 combined statements of financial position is adequate to cover future losses. Claims expense and insurance costs under this program totaled $6,138,000 and $5,577,000 for the years ended June 30, 2014 and 2013, respectively.

7. DEFERRED COMPENSATION LIABILITY:

InterVarsity has a non-qualified supplemental pension and deferred compensation program. The deferred compensation is accrued during employment years and payments are subsequently charged against the liability. Upon retirement or termination of employment, there are various payment options available. Upon death, proceeds will be distributed in a lump sum. Interest expense on deferred compensation liabilities was $3,000 and $5,000, for the fiscal years ending June 30, 2014 and 2013, respectively. The deferred compensation liability totaled $19,000 and $37,000 for the years ended June 30, 2014 and 2013, respectively, and is included in accounts payable and accrued liabilities in the combined statements of financial position.

8. TRUST AND ANNUITY AGREEMENTS:

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

	2014	2013
Gift annuity liability	$ 376	$ 441
Revocable trusts and loan agreements	127	115
	$ 503	$ 556

9. COMMITMENTS:

InterVarsity has available a $2 million unsecured line of credit, which expires December 2, 2014. InterVarsity also has an unsecured standby letter of credit in the amount of $105,000 which expires December 31, 2014. There was no outstanding indebtedness under these agreements as of June 30, 2014 and 2013.

10. OPERATING LEASES:

InterVarsity leases various facilities under operating leases expiring at various times through 2015. Generally, the leases provide that InterVarsity pays taxes, insurance, maintenance and other costs associated with use of the facilities. In 2014 and 2013, InterVarsity incurred rent expense of $284,000 and $273,000, respectively, under these leases and others that operate on a month to month basis.

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

Year ending June 30,	
2015	$ 105
2016	16
	$ 121

11. 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 Internal Revenue Code (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 $20,000.

12. TEMPORARILY RESTRICTED NET ASSETS:

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

	2014	2013
Ministry expenses for specific staff	$ 8,731	$ 8,092
Area and regional programs and projects	5,201	4,847
Chapter growth and building initiatives	1,167	2,175
Support for the work of staff at specific schools	1,679	1,558
Evangelism initiatives on campus	463	543
Scholarships for camps and conferences	965	872
	$ 18,206	$ 18,087

13. FUNCTIONAL EXPENSES:

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

	2014			
	Program	Management and general	Fund-raising	Total
Salaries & payroll taxes	$ 44,861	$ 4,240	$ 5,606	$ 54,707
Education & training	346	3	5	354
Benefits	7,543	633	876	9,052
Professional fees	1,046	944	385	2,375
Supplies	597	97	16	710
Telephone, email & web access	708	93	22	823
Postage & shipping	726	11	115	852
Occupancy	1,240	332	4	1,576
Equipment	587	352	13	952
Depreciation	320	429	-	749
Printing & publications	905	33	183	1,121
Travel	6,385	187	193	6,765
Conference, conventions & meetings	5,782	167	59	6,008
Advertising/promotion	733	23	-	756
Bad debts	-	80	-	80
Support to other missions	560	-	-	560
Interest	-	-	75	75
Cost of sales	5,147	-	-	5,147
Other	252	88	2	342
	$ 77,738	$ 7,712	$ 7,554	$ 93,004
% of total expenses	83.6%	8.3%	8.1%	

13. FUNCTIONAL EXPENSES, continued:

	2013			
	Program	Management and general	Fund-raising	Total
Salaries & payroll taxes	$ 42,302	$ 3,946	$ 5,075	$ 51,323
Education & training	236	5	2	243
Benefits	7,144	591	800	8,535
Professional fees	1,837	903	338	3,078
Supplies	668	88	6	762
Telephone, email & web access	747	75	21	843
Postage & shipping	689	31	116	836
Occupancy	1,154	316	4	1,474
Equipment	623	223	17	863
Depreciation	371	285	-	656
Printing & publications	1,079	32	188	1,299
Travel	6,452	213	233	6,898
Conference, conventions & meetings	5,866	83	37	5,986
Advertising/promotion	711	20	-	731
Bad debts	-	79	-	79
Support to other missions	1,638	-	-	1,638
Interest	-	-	73	73
Cost of sales	5,031	-	-	5,031
Other	253	46	2	301
	$ 76,801	$ 6,936	$ 6,912	$ 90,649
% of total expenses	84.7%	7.7%	7.6%	

14. RETIREMENT PLAN:

InterVarsity maintains a defined contribution retirement plan (the Plan), under Section 403(b) of the IRC Code, for the benefit of all eligible employees as defined in the plan document. The Plan provides for InterVarsity to match 35% of the first 4% contributed by employees. In addition, InterVarsity makes a base contribution for each eligible employee based on years of service. For the years ended June 30, 2014 and 2013, retirement plan expense was approximately $2,448,000 and $2,468,000, respectively.

15. URBANA MISSIONS CONVENTION:

Revenue and expenses for the year ended June 30, 2014, decreased from the prior fiscal year. One of the reasons for this decrease is that every three years, InterVarsity sponsors the Urbana Missions Convention which was held during the June 30, 2013, fiscal year. Revenue and expenses for Urbana were received/incurred over the two years beginning July 1, 2011 and ending June 30, 2013. Revenue, expenses, and increase in net assets were $7,970,000, $6,199,000 and $1,771,000, respectively, for the year ending June 30, 2013. The increase in net assets was offset by a decrease in net assets for the year ending June 30, 2012, of $513,000 related to Urbana 2012 activity, bringing the total Urbana net assets to $1,258,000 at June 30, 2013. Of these net assets, $488,000 assets were expended in the year ending June 30, 2014, for Urbana 2015 expenses. See supplemental schedule for more information.

16. SUBSEQUENT EVENTS:

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

In October 2014, InterVarsity put in an accepted bid for the purchase of a new building for their National Service Center located in Madison, Wisconsin for $4 million. InterVarsity expects to expend approximately $2 million in improvements/furnishings. No long-term debt is anticipated to fund this purchase.

SUPPLEMENTAL INFORMATION

CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com
120 East Liberty Drive, Suite 270 Wheaton, IL 60187 630.682.9797

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

We have audited the combined financial statements of InterVarsity Christian Fellowship/USA as of and for the years ended June 30, 2014 and 2013, and our report thereon dated October 28, 2014, which expresses an unmodified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined statements of activities of the individual ministry areas are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Capin Crouse LLP

Wheaton, Illinois
October 28, 2014

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

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

	Year Ended June 30, 2014						Year Ended June 30, 2013					
	Unrestricted						Unrestricted					
	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total
SUPPORT AND REVENUE:												
Donations	$ 62,362	$ 17	$ 401	$ 541	$ 8,393	$ 71,714	$ 60,614	$ 17	$ 389	$ 2,842	$ 9,072	$ 72,934
Sales of books and media	286	13,660	152	1	-	14,099	300	13,442	148	499	-	14,389
Conference and rental fees	2,847	-	3,041	-	-	5,888	2,525	-	2,871	4,202	-	9,598
Royalties and commissions	44	361	-	-	-	405	60	308	-	248	-	616
Investment income	4,422	-	-	-	-	4,422	1,361	-	-	-	-	1,361
Other income	-	6	-	-	-	6	1	3	-	168	-	172
Net assets released from restrictions	8,233	-	15	26	(8,274)	-	7,162	-	(159)	11	(7,014)	-
	78,194	14,044	3,609	568	119	96,534	72,023	13,770	3,249	7,970	2,058	99,070
EXPENSES:												
Program	62,533	11,101	3,348	756	-	77,738	56,779	10,956	3,167	5,899	-	76,801
Administrative	5,369	2,343	-	-	-	7,712	4,532	2,404	-	-	-	6,936
Fund-raising and communications	7,554	-	-	-	-	7,554	6,912	-	-	-	-	6,912
Inter-company cost allocations	(990)	440	250	300	-	-	(1,139)	608	231	300	-	-
	74,466	13,884	3,598	1,056	-	93,004	67,084	13,968	3,398	6,199	-	90,649
Change in Net Assets	3,728	160	11	(488)	119	3,530	4,939	(198)	(149)	1,771	2,058	8,421
Net Assets, Beginning of Year	19,419	10,728	213	1,258	18,087	49,705	14,480	10,926	362	(513)	16,029	41,284
Net Assets, End of Year	$ 23,147	$ 10,888	$ 224	$ 770	$ 18,206	$ 53,235	$ 19,419	$ 10,728	$ 213	$ 1,258	$ 18,087	$ 49,705

Note: The next Urbana convention is December 27-31, 2015.