INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Financial Statements
With Independent Auditors' Report

June 30, 2016 and 2015

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Audit Committee
InterVarsity Christian Fellowship/USA
Madison, Wisconsin

We have audited the accompanying combined financial statements of InterVarsity Christian Fellowship/USA which comprise the combined statements of financial position as of June 30, 2016 ad 2015, 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 combined financial position of InterVarsity Christian Fellowship/USA as of June 30, 2016 and 2015, and the changes in its combined 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
November 7, 2016

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INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Financial Position
(in thousands)

	June 30, 2016	June 30, 2015
ASSETS:		
Cash and cash equivalents	$ 3,977	$ 3,973
Investments	35,781	33,815
Receivables:		
Trade and subscribers, less allowance for doubtful receivables and returns of $441,000 and $431,000 in 2016 and 2015, respectively	2,364	2,975
Donations	1,162	5,852
Royalty advances, less allowance for doubtful receivables of $279,000 and $293,000 in 2016 and 2015, respectively	1,739	1,790
Miscellaneous	180	230
Books and supplies inventory, net	3,108	3,169
Prepaid expenses, deposits and other assets	1,548	1,175
Land, buildings and equipment, net	16,381	15,369
Total Assets	$ 66,240	$ 68,348
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued liabilities	$ 4,639	$ 4,508
Medical insurance claims payable	540	460
Trust and annuity agreements	412	444
Royalties payable	1,301	1,290
Deferred revenue	383	2,128
	7,275	8,830
Net assets:		
Unrestricted:		
Net investment in land, buildings and equipment	16,381	15,369
Undesignated	21,805	24,729
	38,186	40,098
Temporarily restricted	20,779	19,420
	58,965	59,518
Total Liabilities and Net Assets	$ 66,240	$ 68,348

See notes to combined financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Activities
(in thousands)

	Year Ended June 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Donations	$ 67,356	$ 11,594	$ 78,950	$ 70,547	$ 10,204	$ 80,751
Sales of books and media	14,391	-	14,391	14,121	-	14,121
Conference fees	11,300	-	11,300	5,952	-	5,952
Royalties and commissions	906	-	906	395	-	395
Investment income	72	-	72	851	-	851
Other income	149	-	149	3	-	3
	94,174	11,594	105,768	91,869	10,204	102,073
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of program restrictions	10,235	(10,235)	-	8,990	(8,990)	-
	104,409	1,359	105,768	100,859	1,214	102,073
EXPENSES:						
Program	88,167	-	88,167	79,710	-	79,710
Administrative	9,997	-	9,997	8,321	-	8,321
Fund-raising and communications	8,157	-	8,157	7,759	-	7,759
	106,321	-	106,321	95,790	-	95,790
Change in Net Assets	(1,912)	1,359	(553)	5,069	1,214	6,283
Net Assets, Beginning of Year	40,098	19,420	59,518	35,029	18,206	53,235
Net Assets, End of Year	$ 38,186	$ 20,779	$ 58,965	$ 40,098	$ 19,420	$ 59,518

See notes to combined financial statements

INTERVARSITY CHRISTIAN FELLOWSHIP/USA

Combined Statements of Cash Flows
(in thousands)

	Year Ended June 30, 2016	Year Ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (553)	$ 6,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of buildings and equipment	1,302	860
Unrealized and realized (gains) losses on investments	(519)	424
Matured annuities	(14)	-
Actuarial change in value of annuities and trusts, net of payments	41	(26)
Changes in:		
Receivables	5,402	(5,506)
Books and supplies inventory	61	4
Prepaid expenses, deposits and other assets	(373)	(27)
Accounts payable and other accrued liabilities	131	1,399
Medical insurance claims payable	80	(24)
Royalties payable	11	(26)
Deferred revenue	(1,745)	1,717
Net Cash Provided by Operating Activities	3,824	5,078
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	1,616	(5,510)
Proceeds from sales and maturities of investments	(3,063)	3,740
Purchases of buildings and equipment	(2,314)	(8,010)
Net Cash Used by Investing Activities	(3,761)	(9,780)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity and trust payments	(59)	(61)
Face value of new annuities	-	50
Gift portion of new annuities	-	(22)
Net Cash Used by Financing Activities	(59)	(33)
Net Change in Cash and Cash Equivalents	4	(4,735)
Cash and Cash Equivalents, Beginning of Year	3,973	8,708
Cash and Cash Equivalents, End of Year	$ 3,977	$ 3,973
SUPPLEMENTAL INFORMATION:		
Interest paid	$ 59	$ 62
Disposal of fully depreciated equipment	$ -	$ 109

See notes to combined 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 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 13.8% and 13.6% ownership interest in the captive as of June 30, 2016 and 2015, respectively. InterVarsity's equity in Lucent was $1,144,940 and $1,067,000, respectively, for June 30, 2016 and 2015. 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 ($441,000 and $431,000 for 2016 and 2015, 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, 2016 and 2015, trade accounts receivable past due 90 days or more totaled $42,000 and $41,000, 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):

	2016	2015
Books and merchandise	$ 2,927	$ 3,027
Supplies	378	354
	3,305	3,381
Reserve for slow-moving inventory	(197)	(212)
	$ 3,108	$ 3,169

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 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, 2016 and July 10, 2016, and between July 1, 2015 and July 11, 2015, 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING
Advertising and promotion costs are expensed as they are incurred. Advertising and promotion expense was $702,000 and $755,000 for the years ended June 30, 2016 and 2015, respectively.

SHIPPING AND HANDLING COSTS
Total costs for shipping and handling were $530,000 and $539,000 for the years ended June 30, 2016 and 2015, respectively. Shipping and handling fees to customers of $242,000 and $266,000 for the years ended June 30, 2016 and 2015, 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, 2016, 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):

	2016	2015
Fair market value:		
U.S. government and government agency obligations	$ 983	$ 1,622
Corporate obligations	656	201
Mutual funds	32,997	30,925
	34,636	32,748
Equity method:		
Investment in Lucent captive insurance holding company	1,145	1,067
	$ 35,781	$ 33,815

Investments include $868,000 and $904,000 related to liabilities under annuity agreements at June 30, 2016 and 2015, respectively.

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

	2016	2015
Fair market value:		
Interest and dividends on investments	$ 607	$ 1,265
Interest on cash and cash equivalents	17	10
Unrealized and realized losses on investments	(629)	(377)
	(5)	898
Equity method:		
Unrealized and realized gains (losses) on investments	77	(47)
	$ 72	$ 851

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, 2016 and 2015, (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, 2016:			
Financial assets:			
U.S. government and government agency obligations	$ 983	$ 983	$ -
Corporate obligations	656	-	656
Mutual funds:			
Equity fund	7,958	7,958	-
Bond fund	7,143	4,143	-
Balanced fund	17,896	17,896	-
	$ 34,636	$ 30,980	$ 656
June 30, 2015:			
Financial assets:			
U.S. government and government agency obligations	$ 1,622	$ 1,622	$ -
Corporate obligations	201	-	201
Mutual funds:			
Equity fund	13,147	13,147	-
Bond fund	5,384	5,384	-
Balanced fund	12,394	12,394	-
	$ 32,748	$ 32,547	$ 201

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):

	2016	2015
Buildings and improvements	$ 22,204	$ 21,578
Computer equipment	2,347	1,386
Other equipment	2,018	1,894
Furniture and fixtures	2,976	2,960
	29,545	27,818
Less accumulated depreciation and amortization	(15,786)	(14,483)
	13,759	13,335
Construction in progress	783	275
Land	1,839	1,759
	$ 16,381	$ 15,369

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 $7,708,000 and $6,270,000 for the years ended June 30, 2016 and 2015, respectively.

7. TRUST AND ANNUITY AGREEMENTS:

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

	2016	2015
Gift annuity liability	$ 348	$ 380
Revocable trusts and loan agreements	64	64
	$ 412	$ 444

8. OPERATING LEASES:

InterVarsity leases various facilities under operating leases expiring at various times through 2016. Generally, the leases provide that InterVarsity pays taxes, insurance, maintenance and other costs associated with use of the facilities. In 2016 and 2015, InterVarsity incurred rent expense of $273,000 and $293,000, 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. For fiscal year 2016 and 2015, land lease expense was $134,000 and $46,000, respectively.

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

Year ending June 30,		
2017	$	197,000
2018		225,000
2019		167,000
2020		133,000
2021		107,000
Thereafter		4,070,000
	$	4,899,000

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 $25,000.

10. TEMPORARILY RESTRICTED NET ASSETS:

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

	2016	2015
Ministry expenses for specific staff	$ 9,750	$ 9,948
Area and regional programs and projects	7,142	6,174
Support for the work of staff at specific schools	2,016	1,809
Evangelism initiatives on campus	677	454
Scholarships for camps and conferences	1,194	1,035
	$ 20,779	$ 19,420

11. FUNCTIONAL EXPENSES:

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

	2016			
	Program	Management and general	Fund-raising	Total
Salaries & payroll taxes	$ 48,837	$ 4,704	$ 5,872	$ 59,413
Education & training	423	79	-	502
Benefits	9,030	821	1,035	10,886
Professional fees	2,279	1,714	506	4,499
Supplies	656	95	17	768
Telephone, email & web access	712	108	34	854
Postage & shipping	754	29	106	889
Occupancy	1,156	633	4	1,793
Equipment	641	440	29	1,110
Depreciation	473	830	-	1,303
Printing & publications	963	67	181	1,211
Travel	7,367	192	224	7,783
Conference, conventions & meetings	7,100	127	86	7,313
Advertising/promotion	873	24	-	897
Bad debts	-	82	-	82
Support to other missions	1,596	-	-	1,596
Interest	-	-	59	59
Cost of sales	5,036	-	-	5,036
Other	271	52	4	327
	$ 88,167	$ 9,997	$ 8,157	$ 106,321
% of total expenses	82.9%	9.4%	7.7%	

11. FUNCTIONAL EXPENSES, continued:

	2015			
	Program	Management and general	Fund-raising	Total
Salaries & payroll taxes	$ 46,528	$ 4,593	$ 5,785	$ 56,906
Education & training	326	11	1	338
Benefits	7,557	694	880	9,131
Professional fees	1,548	1,158	451	3,157
Supplies	538	94	24	656
Telephone, email & web access	713	107	29	849
Postage & shipping	852	27	130	1,009
Occupancy	1,276	442	3	1,721
Equipment	557	305	19	881
Depreciation	405	455	-	860
Printing & publications	991	41	130	1,162
Travel	6,383	162	197	6,742
Conference, conventions & meetings	5,441	95	45	5,581
Advertising/promotion	859	24	-	883
Bad debts	-	80	-	80
Support to other missions	628	-	-	628
Interest	-	-	62	62
Cost of sales	4,934	-	-	4,934
Other	174	33	3	210
	$ 79,710	$ 8,321	$ 7,759	$ 95,790
% of total expenses	83.2%	8.7%	8.1%	

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 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, 2016 and 2015, retirement plan expense was approximately $2,808,000 and $2,373,000, respectively.

13. <u>COMMITMENTS:</u>

InterVarsity has available a $2 million unsecured line of credit, which expires November 27, 2016. InterVarsity also has an unsecured standby letter of credit in the amount of $105,000 which expires December 31, 2018. There was no outstanding indebtedness under these agreements as of June 30, 2016 and 2015.

InterVarsity signed a contract dated July, 2014, with a hotel for hosting InterVarsity's Staff Conference scheduled for July 2017, that is held every three years. The contract includes net projected revenues for room revenue and food and beverage revenue to the hotel of $812,000 and indicates that if InterVarsity finds it necessary to cancel the conference, InterVarsity would be committed to paying 90% of projected room revenues and 60% of food and beverage revenues if cancelled between July 1, 2016 and the date of the conference.

InterVarsity has also signed a contract dated June 30, 2016, with another 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 the paying 10% of projected revenue if cancelled between signing of the contract and July 31, 2017, 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.

14. <u>SUBSEQUENT EVENTS:</u>

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.

SUPPLEMENTAL INFORMATION

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, 2016 and 2015, and our report thereon dated November 7, 2016, 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
November 7, 2016

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INTERVARSITY CHRISTIAN FELLOWSHIP/USA

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

	Year Ended June 30, 2016						Year Ended June 30, 2015					
	Unrestricted						Unrestricted					
	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total	Core Ministries	Press	Camps	Urbana	Temporarily Restricted	Total
SUPPORT AND REVENUE:												
Donations	$ 64,817	$ 15	$ 526	$ 1,998	$ 11,594	$ 78,950	$ 68,145	$ 16	$ 429	$ 1,957	$ 10,204	$ 80,751
Sales of books and media	312	13,823	174	82	-	14,391	277	13,686	158	-	-	14,121
Conference and rental fees	2,618	-	3,300	5,382	-	11,300	2,911	-	3,041	-	-	5,952
Royalties and commissions	67	353	-	486	-	906	63	332	-	-	-	395
Investment income	72	-	-	-	-	72	851	-	-	-	-	851
Other income	-	3	-	146	-	149	-	3	-	-	-	3
Net assets released from restrictions	10,498	19	(282)	-	(10,235)	-	8,983	131	(124)	-	(8,990)	-
	78,384	14,213	3,718	8,094	1,359	105,768	81,230	14,168	3,504	1,957	1,214	102,073
EXPENSES:												
Program	66,703	11,336	3,418	6,710	-	88,167	63,311	11,309	3,201	1,889	-	79,710
Administrative	7,405	2,592	-	-	-	9,997	5,864	2,457	-	-	-	8,321
Fund-raising and communications	8,157	-	-	-	-	8,157	7,759	-	-	-	-	7,759
Inter-company cost allocations	(945)	361	284	300	-	-	(872)	345	227	300	-	-
	81,320	14,289	3,702	7,010	-	106,321	76,062	14,111	3,428	2,189	-	95,790
Change in Net Assets	(2,936)	(76)	16	1,084	1,359	(553)	5,168	57	76	(232)	1,214	6,283
Net Assets, Beginning of Year	28,315	10,945	300	538	19,420	59,518	23,147	10,888	224	770	18,206	53,235
Net Assets, End of Year	$ 25,379	$ 10,869	$ 316	$ 1,622	$ 20,779	$ 58,965	$ 28,315	$ 10,945	$ 300	$ 538	$ 19,420	$ 59,518

Note: The next Urbana convention is December 27-31, 2018.