



YOUNG LIFE AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

September 30, 2016 and 2015

YOUNG LIFE AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Young Life and Subsidiaries
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Young Life and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Trustees
Young Life and Subsidiaries
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Young Life and Subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crause LLP

Colorado Springs, Colorado
November 9, 2016

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Financial Position September 30, 2016 and 2015

	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 15,809,712	\$ 41,738,562
Cash restricted for long-lived assets	11,381,869	14,508,678
Investments	131,180,227	100,379,926
Accounts and other receivables	1,488,537	1,248,110
Pledges receivable, net	9,317,223	18,533,556
Inventory	1,581,590	1,516,625
Prepaid expenses and other assets	1,843,103	3,515,711
Assets held for sale	1,558,065	811,065
Land, buildings, and equipment, net	254,012,493	220,568,798
Assets held for endowment fund	2,124,029	2,007,202
	\$ 430,296,848	\$ 404,828,233
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 17,470,300	\$ 16,630,974
Notes payable	2,134,935	2,297,985
Custodial, trust, and annuity obligations	299,812	294,303
	19,905,047	19,223,262
Net assets:		
Unrestricted:		
Operating	125,851,749	121,973,347
Donor advised funds	2,369,271	2,408,965
Cumulative foreign currency translation adjustment	1,495,781	1,545,953
Equity in land, buildings, and equipment	252,195,604	218,608,978
	381,912,405	344,537,243
Temporarily restricted	26,813,569	39,401,901
Permanently restricted	1,665,827	1,665,827
	410,391,801	385,604,971
Total Liabilities and Net Assets	\$ 430,296,848	\$ 404,828,233

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions-operating	\$ 219,208,687	\$ 20,054,214	\$ -	\$ 239,262,901
Contributions restricted for capital purchases	-	28,644,348	-	28,644,348
Program services revenue	70,810,118	-	-	70,810,118
Investment and endowment income	5,776,155	481,548	-	6,257,703
Change in value of split-interest agreements	(51,089)	4,074	-	(47,015)
Sales income	7,819,827	-	-	7,819,827
Other income	3,230,374	-	-	3,230,374
Total Support and Revenue	306,794,072	49,184,184	-	355,978,256
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	61,772,516	(61,772,516)	-	-
EXPENSES:				
Program services:				
Club ministries	204,118,037	-	-	204,118,037
Camping operations	77,150,408	-	-	77,150,408
Young Life Foundation	465,488	-	-	465,488
	<u>281,733,933</u>	<u>-</u>	<u>-</u>	<u>281,733,933</u>
Supporting activities:				
Management and general	26,418,618	-	-	26,418,618
Fundraising	22,988,703	-	-	22,988,703
	<u>49,407,321</u>	<u>-</u>	<u>-</u>	<u>49,407,321</u>
Total Expenses	331,141,254	-	-	331,141,254
Change in Net Assets Before Foreign				
Currency Translation	37,425,334	(12,588,332)	-	24,837,002
Foreign currency translation adjustments	(50,172)	-	-	(50,172)
Change in Net Assets	37,375,162	(12,588,332)	-	24,786,830
Net Assets, Beginning of Year	344,537,243	39,401,901	1,665,827	385,604,971
Net Assets, End of Year	\$ 381,912,405	\$ 26,813,569	\$ 1,665,827	\$ 410,391,801

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions-operating	\$ 207,008,379	\$ 19,197,834	\$ -	\$ 226,206,213
Contributions restricted for capital purchases	-	25,198,446	-	25,198,446
Program services revenue	69,272,035	-	-	69,272,035
Investment and endowment income (loss)	652,633	(44,767)	-	607,866
Change in value of split-interest agreements	3,976	14,816	-	18,792
Sales income	7,305,917	-	-	7,305,917
Other income	2,835,441	-	-	2,835,441
Total Support and Revenue	287,078,381	44,366,329	-	331,444,710
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	37,145,606	(37,145,606)	-	-
EXPENSES:				
Program services:				
Club ministries	182,476,223	-	-	182,476,223
Camping operations	72,142,952	-	-	72,142,952
Young Life Foundation	597,211	-	-	597,211
	<u>255,216,386</u>	<u>-</u>	<u>-</u>	<u>255,216,386</u>
Supporting activities:				
Management and general	23,537,874	-	-	23,537,874
Fundraising	20,725,351	-	-	20,725,351
	<u>44,263,225</u>	<u>-</u>	<u>-</u>	<u>44,263,225</u>
Total Expenses	299,479,611	-	-	299,479,611
Change in Net Assets Before Foreign				
Currency Translation	24,744,376	7,220,723	-	31,965,099
Foreign currency translation adjustments	(2,034,051)	-	-	(2,034,051)
Change in Net Assets	22,710,325	7,220,723	-	29,931,048
Net Assets, Beginning of Year	321,826,918	32,181,178	1,665,827	355,673,923
Net Assets, End of Year	\$ 344,537,243	\$ 39,401,901	\$ 1,665,827	\$ 385,604,971

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Cash Flows Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 24,786,830	\$ 29,931,048
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	18,521,047	18,815,047
Bad debt expense	757,854	274,221
Loss on disposal of land, buildings, and equipment	372,910	43,254
(Gain) loss on disposal of assets held for sale	42,541	(64,813)
Realized and unrealized (gains) losses on investments	(3,696,747)	2,095,471
Gain on investment in captive insurance companies	(422,413)	(1,461,832)
Change in value of split-interest agreements	47,015	(18,792)
Capitalized and held for sale in-kind contributions	(1,133,143)	(497,981)
Foreign currency translation	50,172	2,034,051
Contributions received restricted for long-lived assets	(37,230,794)	(16,429,686)
Changes in operating assets and liabilities:		
Accounts and other receivables	(245,965)	154,227
Pledges receivable	8,464,017	(8,340,199)
Inventory	(64,965)	(102,540)
Prepaid expenses and other assets	1,672,608	(1,613,011)
Accounts payable and accrued liabilities	753,820	(3,008,072)
Custodial, trust, and annuity obligations	5,509	(31,980)
Net Cash Provided by Operating Activities	12,680,296	21,778,413
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(62,809,128)	(48,241,351)
Proceeds from sales of investments	36,081,620	42,369,682
Purchases of land, buildings, and equipment	(52,235,783)	(27,581,921)
Proceeds from sales of land, buildings, and equipment	418,216	46,127
Proceeds from sales of assets held for sale	170,458	169,954
Net Cash Used by Investing Activities	(78,374,617)	(33,237,509)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(163,050)	(153,593)
Reinvested dividends of assets held for endowment fund	(38,151)	(41,077)
(Gain) loss on assets held for endowment fund	(137,917)	65,619
Distributions of assets held for endowment fund	59,241	261,778
Proceeds from contributions for long-lived assets	40,357,603	17,452,134
Net Cash Provided by Financing Activities	40,077,726	17,584,861
Effect of Exchange Rate Changes on Cash	(312,255)	(320,495)
Net Change in Cash and Cash Equivalents	(25,928,850)	5,805,270
Cash and Cash Equivalents, Beginning of Year	41,738,562	35,933,292
Cash and Cash Equivalents, End of Year	15,809,712	41,738,562
Cash Restricted for Long-Lived Assets	11,381,869	14,508,678
Total Cash and Cash Equivalents, End of Year	\$ 27,191,581	\$ 56,247,240
SUPPLEMENTAL DISCLOSURES:		
Fixed assets acquired with accounts payable	\$ 85,506	\$ 640,674
Cash paid for interest (none capitalized)	\$ 137,397	\$ 146,855

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

NATURE OF OPERATIONS

Founded in 1941, Young Life and Subsidiaries (collectively, Young Life) is a non-denominational, not-for-profit ministry committed to introducing adolescents to Jesus Christ and helping them grow in their faith. Young Life has four major operating segments through which it serves over 2.1 million kids in the U.S. and around the world. These segments are: U.S. Field Operations, International Field Operations, Camping Operations, and Global Mission Services. Field Operations carries on its primary ministry with middle school to college age kids in the U.S. and in 101 countries around the globe. Young Life field staff reach out to all kids and have ministries designed to serve teen moms, kids with disabilities, as well as kids living in urban or rural areas. Camping Operations owns and operates 29 world class camping facilities and runs 8 more seasonal camping opportunities through affiliate camp relationships. Global Mission Services provides centralized services in support of the overall ministry, and is based in Colorado Springs, Colorado.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements for the years ended September 30, 2016 and 2015, include the assets, liabilities, net assets, revenues, and expenses of Young Life, inclusive of Young Life Foundation, 3E Ministry Resources, Inc. (3E), and controlled foreign subsidiaries. All significant intercompany transactions and balances have been eliminated. Young Life is also affiliated with ministries throughout the world, which are not under Young Life's control. Accordingly, the assets, liabilities, and net assets of these national ministries are not included in the consolidated financial statements and expenditures paid are treated as grants in the consolidated statements of activities.

TAX STATUS

Young Life is classified as a church and exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). Young Life Foundation is a supporting organization, not considered to be a private foundation under Section 509(a), and is also exempt from federal income tax under the Code. 3E is subject to U.S. income taxes. Young Life's foreign subsidiaries are subject to income taxes in those countries depending upon the taxable/non-taxable structure of those subsidiaries. Young Life voluntarily files IRS Form 990 and is subject to federal income tax on any unrelated business taxable income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Young Life have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and money market accounts. Some of Young Life's accounts exceeded federally insured limits as of September 30, 2016 and 2015. Young Life has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Young Life's investments, excluding its certificates of deposit, are stated at fair value. Fair values are determined by quoted market prices for securities and appraised market values for real property held for investment. The investment in the captive insurance companies is accounted for using the equity method. Certificates of deposit are carried at cost. The alternative investments, which are not readily marketable, are carried at estimated fair values, using the net asset value per share of the investments, as provided by the investment managers. Young Life reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a readily available market for these investments existed. Young Life considers the carrying value to be a reasonable estimate of fair value.

Young Life maintains pooled investment accounts for its funds. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual funds based on the relationship of the fair value of the interest of each fund to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are recorded at their estimated net realizable value and consist primarily of amounts due from insurance proceeds, program participants, and notes receivable. Accounts past due more than 30 days are considered delinquent. Interest is not charged on delinquent accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the program participant. An allowance for doubtful accounts has not been recorded because management believes all accounts receivable are fully collectible based on the recorded net realizable value of each receivable.

INVENTORY

Inventory is stated at the lower of cost or market, using the first-in, first-out method and consists primarily of food stores and goods held for resale. Individual inventory items are evaluated and obsolete items are written off as needed.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR SALE

Assets held for sale include buildings and properties and are recorded at the lower of carrying value or fair market value less the estimated cost to sell the property.

LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment include property and equipment used in operations. Land, buildings, and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 33 years. Purchases of land, buildings, and equipment are capitalized if they are in excess of \$2,500 for Camping Operations and Mission Services or \$1,000 for U.S. and International Field Operations.

ASSETS HELD FOR ENDOWMENT FUND

Young Life's endowment fund consists of four individual funds established for a variety of purposes and are included in the pooled investment accounts. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The board of trustees has interpreted the State of Colorado Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Young Life classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In addition, absent explicit donor stipulations to the contrary, to the extent prudent, appropriations for expenditure are allowed even if the fair value of the donor restricted endowment fund falls below the original gift as of the gift date, in accordance with SPMIFA. Young Life considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR ENDOWMENT FUND, continued

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Young Life to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, a deficiency of \$65,484 was reported in unrestricted net assets as of September 30, 2015. No deficiencies of this nature have been reported in unrestricted net assets as of September 30, 2016.

Return objectives and strategies: To satisfy its long-term rate of return objectives, Young Life relies on a total return strategy in which investment returns are achieved through both current yield and capital appreciation. Young Life targets a diversified asset allocation to achieve its long-term return objectives within prudent risk restraints.

Spending policy: Young Life has a policy of appropriating expenditures each year. To the extent prudent, it is expected that spending from the endowment funds would be managed with long-term perspective to maintain long-term purchasing power of the endowment funds to meet the longer term needs of Young Life; but that such long-term perspective would not prevent the funds from continuing to spend a prudent amount from the endowment funds despite a fund's balance falling below targeted levels. This is consistent with Young Life's objective to maintain the purchasing power of donor restricted assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

TRUST AND ANNUITY OBLIGATIONS

Under an irrevocable trust agreement, Young Life receives contributed assets and agrees to make payments to a donor. The payments are based on a fixed rate of return or on related investment income, as stipulated in the trust agreement. Amounts received under the irrevocable trust agreement, net of the discounted present value of future payments to beneficiaries, are recorded as temporarily restricted revenue upon receipt. A liability for the trust obligation is recorded for the estimated present value of future payments to beneficiaries. Upon the maturity of the trust, the assets are transferred from temporarily restricted net assets to unrestricted net assets as designated by the trust agreement.

Annuity obligations represent the present value of the remaining payments due to annuitants under annuity contracts, based upon the remaining life expectancies of the respective annuitants.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

Net assets are reported in the consolidated financial statements as follows:

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

Temporarily restricted net assets are those by which Young Life's use has been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by Young Life in perpetuity, the income from which is expendable to support field ministries, camping, and general operations.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. Funds are raised for field operations primarily by the individual regions and areas throughout the United States and internationally. Young Life considers these contributions as support for general field operations and will reallocate resources between individual regions and areas if needed. Accordingly, these contributions are recorded as unrestricted contributions. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, and equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value using a discount rate of estimated future cash flows. The resulting discount is amortized and is reported against contribution revenue.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Contributions of services are recognized as support and revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills by the individuals providing the service and the service would typically need to be purchased if not donated. A substantial number of volunteers have donated significant amounts of time to Young Life; however, Young Life does not record contribution revenue as these services do not meet the criteria to be recorded under accounting standards.

Program services revenue consists primarily of fees to attend Young Life camping programs. Program services revenue is recorded when earned, which is when the good or service is provided. Sales income is recorded net of sales returns at the time the sale occurs. Other income is recorded when earned.

The costs of providing the various program services and supporting activities of Young Life have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as occupancy costs, depreciation, and payroll, have been allocated among the program services and supporting activities benefited.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated 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 consolidated statements of activities. As of September 30, 2016, Young Life had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified in order to conform with the current year presentation.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

3. INVESTMENTS AND ASSETS HELD FOR ENDOWMENT FUND:

Investments and assets held for endowment fund consist of:

	September 30, 2016			September 30, 2015		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Money market mutual funds	\$ 123,699	\$ 10,827,906	\$ 10,951,605	\$ 70,446	\$ 14,158,788	\$ 14,229,234
Equity securities	84,391	42,872,409	42,956,800	127,720	36,397,528	36,525,248
Fixed income securities	139,596	23,139,875	23,279,471	8,524,430	15,014,287	23,538,717
Land and land interests	-	754,696	754,696	-	793,547	793,547
Captive insurance arrangements	7,932,658	-	7,932,658	8,010,245	-	8,010,245
Alternative investments	-	15,423,331	15,423,331	-	12,679,922	12,679,922
Certificates of deposit	31,239,284	-	31,239,284	5,884,832	-	5,884,832
Other	-	766,411	766,411	-	725,383	725,383
	<u>39,519,628</u>	<u>93,784,628</u>	<u>133,304,256</u>	<u>22,617,673</u>	<u>79,769,455</u>	<u>102,387,128</u>
Less: Assets held for endowment fund	-	(2,124,029)	(2,124,029)	-	(2,007,202)	(2,007,202)
Total investments	<u>\$ 39,519,628</u>	<u>\$ 91,660,599</u>	<u>\$ 131,180,227</u>	<u>\$ 22,617,673</u>	<u>\$ 77,762,253</u>	<u>\$ 100,379,926</u>

Investment and endowment income (loss) consists of:

	Year Ended September 30, 2016			Year Ended September 30, 2015		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Interest and dividends	\$ 279,350	\$ 1,721,276	\$ 2,000,626	\$ 135,436	\$ 1,171,688	\$ 1,307,124
Gain on investment in captive insurance companies	422,413	-	422,413	1,461,832	-	1,461,832
Net realized and unrealized gain (loss)	65,540	3,769,124	3,834,664	(8,564)	(2,152,526)	(2,161,090)
	<u>\$ 767,303</u>	<u>\$ 5,490,400</u>	<u>\$ 6,257,703</u>	<u>\$ 1,588,704</u>	<u>\$ (980,838)</u>	<u>\$ 607,866</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

4. PLEDGES RECEIVABLE, NET:

Pledges receivable, net consist of:

	2016	2015
Camp capital purchases or gifts	\$ 8,510,739	\$ 16,999,307
Field ministries	1,204,000	1,911,500
	9,714,739	18,910,807
Less: Allowance for uncollectible pledges	(354,232)	(331,856)
Less: Present value discount	(43,284)	(45,395)
	\$ 9,317,223	\$ 18,533,556

At September 30, 2016, pledges receivable are expected to mature as follows:

Due in less than one year	\$ 6,845,473
Due in one to five years	2,471,750
	\$ 9,317,223

5. LAND, BUILDINGS, AND EQUIPMENT, NET:

Land, buildings, and equipment, net consist of:

	2016	2015
Land	\$ 44,572,605	\$ 22,693,931
Buildings and improvements	345,692,735	324,639,956
Furniture and equipment	52,293,262	46,258,798
Marine equipment	2,973,922	2,727,467
Vehicles and other	8,097,305	7,164,738
	453,629,829	403,484,890
Accumulated depreciation	(205,454,306)	(191,688,214)
	248,175,523	211,796,676
Construction in progress	5,836,970	8,772,122
	\$ 254,012,493	\$ 220,568,798

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

5. LAND, BUILDINGS, AND EQUIPMENT, NET, continued:

Equity in land, buildings, and equipment consists of:

	2016	2015
Land, buildings, and equipment, net	\$ 254,012,493	\$ 220,568,798
Less: related note payable	(1,816,889)	(1,959,820)
	\$ 252,195,604	\$ 218,608,978

6. NOTES PAYABLE:

Notes payable consists of:

	2016	2015
Note payable to a financial institution, due in monthly installments of principal and interest of \$22,121, with interest calculated at 6.36%. The note matures in June 2025 and is secured by property.	\$ 1,816,889	\$ 1,959,820
Note payable to an individual, due in quarterly installments of principal and interest of \$8,750, with interest calculated at 4.5%. The note matures in September 2028 and is secured by investment property.	318,046	338,165
	\$ 2,134,935	\$ 2,297,985

Future minimum payments under notes payable are:

<u>Year Ending September 30,</u>	
2017	\$ 173,813
2018	184,923
2019	196,751
2020	209,117
2021	222,739
Thereafter	1,147,592
	\$ 2,134,935

Young Life was in compliance with all financial and reporting covenants at September 30, 2016 and 2015.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

7. MEDICAL CLAIMS RESERVE:

Young Life has a self-insured employee group medical plan. Insurance policies in force at September 30, 2016 and 2015, limit Young Life's liability to \$325,000 annually per insured. Young Life records an accrual that represents its best estimate of claims and fees that were incurred but unpaid at the end of each year, and was \$3,032,447 and \$2,954,487 as of September 30, 2016 and 2015, respectively. These amounts are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

8. INSURANCE LOSS ACCRUAL:

During 2002, Young Life incurred a loss of \$5,391,157 arising from the insolvency of one of its general liability insurance carriers that rendered the carrier incapable of paying certain claims. Young Life is obligated to make payments arising from insolvency under a settlement agreement entered into during the year ended September 30, 2002. The estimated present value of these future payments is \$4,328,440 and \$4,101,201 as of September 30, 2016 and 2015, respectively, and is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	<u>2016</u>	<u>2015</u>
Capital improvements	\$ 17,614,650	\$ 29,946,794
Campership	7,229,340	7,168,777
Club ministries	1,308,914	1,642,260
Trust agreement	584,777	557,614
Training	75,888	86,456
	<u>\$ 26,813,569</u>	<u>\$ 39,401,901</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

10. ASSETS HELD FOR ENDOWMENT FUND:

Net assets held for endowment fund are as follows:

	2016	2015
Unrestricted	\$ 4,149	\$ (65,484)
Temporarily restricted	454,053	406,859
Permanently restricted	1,665,827	1,665,827
	\$ 2,124,029	\$ 2,007,202

Changes in assets held for endowment fund for the year ended September 30, 2016, consist of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (65,484)	\$ 406,859	\$ 1,665,827	\$ 2,007,202
Dividend and interest income	23,413	14,738	-	38,151
Net realized and unrealized gains	78,777	59,140	-	137,917
Appropriations of endowment assets for expenditures	(32,557)	(26,684)	-	(59,241)
Endowment net assets, end of year	\$ 4,149	\$ 454,053	\$ 1,665,827	\$ 2,124,029

Changes in assets held for endowment fund for the year ended September 30, 2015, consist of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 146,707	\$ 480,988	\$ 1,665,827	\$ 2,293,522
Dividend and interest income	25,115	15,962	-	41,077
Net realized and unrealized loss	(35,727)	(29,892)	-	(65,619)
Appropriations of endowment assets for expenditures	(201,579)	(60,199)	-	(261,778)
Endowment net assets, end of year	\$ (65,484)	\$ 406,859	\$ 1,665,827	\$ 2,007,202

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

11. FAIR VALUE MEASUREMENTS:

Young Life uses appropriate valuation techniques to determine fair value based on inputs available. When possible, Young Life measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were not used during the years ended September 30, 2016 and 2015. The following table displays the fair values of assets measured on a recurring basis at September 30, 2016 and 2015:

	September 30, 2016	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets held for endowment fund at fair value:			
Money market mutual funds	\$ 10,951,605	\$ 10,951,605	\$ -
Equity securities:			
Small-cap mutual funds	6,815	6,815	-
Mid-cap mutual funds	5,496,460	5,496,460	-
Large-cap mutual funds	15,640,685	15,640,685	-
Exchange-traded funds	1,473,608	1,473,608	-
International mutual funds	7,135,389	7,135,389	-
International common stock	2,671,720	2,671,720	-
Domestic common stock	10,532,123	10,532,123	-
Fixed income securities:			
U.S. treasury notes and government securities	5,980,792	5,980,792	-
Corporate bonds and notes	7,846,280	7,786,280	60,000
International corporate bonds and notes	467,985	467,985	-
Fixed income mutual funds	8,984,414	8,984,414	-
Land and land interests	754,696	-	754,696
Other	766,411	-	766,411
	78,708,983	\$ 77,127,876	\$ 1,581,107
Investments held at other than fair value:			
Captive insurance arrangements	7,932,658		
Certificates of deposit	31,239,284		
Investments held at net asset value:			
MLP funds (a)	4,239,298		
Multi-strategy hedge funds (b)	8,210,279		
Equity long/short hedge funds (c)	2,973,754		
	133,304,256		
Less: Assets held for endowment fund	(2,124,029)		
Total Investments	\$ 131,180,227		

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

11. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2015	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets held for endowment fund at fair value:			
Money market mutual funds	\$ 14,229,234	\$ 14,229,234	\$ -
Equity securities			
Small-cap mutual funds	6,574	6,574	-
Mid-cap mutual funds	5,243,103	5,243,103	-
Large-cap mutual funds	15,774,029	15,774,029	-
International mutual funds	8,919,226	8,919,226	-
Alt. strategy mutual funds	133,434	133,434	-
Domestic common stock	6,448,882	6,448,882	-
Fixed income securities			
U.S. treasury notes and government securities	12,910,105	12,910,105	-
Corporate bonds and notes	7,289,042	7,184,275	104,767
Fixed income mutual funds	3,339,570	3,339,570	-
Land and land interests	793,547	-	793,547
Other	725,383	-	725,383
	75,812,129	\$ 74,188,432	\$ 1,623,697
Investments held at other than fair value:			
Captive insurance arrangements	8,010,245		
Certificates of deposit	5,884,832		
Investments held at net asset value:			
MLP funds (a)	4,169,510		
Multi-strategy hedge funds (b)	5,542,253		
Equity long/short hedge funds (c)	2,968,159		
	102,387,128		
Less: Assets held for endowment fund	(2,007,202)		
Total Investments	\$ 100,379,926		

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

11. FAIR VALUE MEASUREMENTS, continued:

- *Level 1* - Fair values for money market mutual funds, equity securities, and portions of fixed income securities are determined by reference to quoted market prices and other relevant information generated by market transactions.
- *Level 2* - Fair values of certain corporate bonds for which quoted market prices are not available are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Fair value for land and land interests is determined by quoted prices and appraisals for similar properties.

Change in valuation techniques: None.

Young Life uses the Net Asset Value (NAV) as a practical expedient to determine the fair value for all hedge funds which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. At September 30, 2016 and 2015, alternative investments consist of the following:

- (a) MLP funds: This category includes investments in master limited partnerships (MLPs) in the energy, utility, and infrastructure areas. The portfolio combines long-term investments, primarily in publicly and privately traded MLPs, with short-term investments. Privately held MLP investments will typically constitute less than 25% of the funds' net asset value. Redemption of these investments is permitted quarterly with a 45-day notice period.
- (b) Multi-strategy hedge funds: This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The investment objective is to achieve long-term capital appreciation over a several year period with lower volatility than, and low correlation to, broad equity and fixed income indices. The funds' composite portfolio includes investments in U.S. and non-U.S. equities and equity-related instruments, fixed income securities, currencies, futures, forward contracts, swaps, other derivative contracts, mortgage-backed securities, asset-backed securities, and other financial instruments and commodities. Redemption of these investments is permitted quarterly with a 65-day notice period.
- (c) Equity long/short hedge fund: This category includes investments in one hedge fund that takes both long and short positions, primarily in global equity market. The fund manager has the ability to shift investments among differing investment strategies. Redemption of these investments is permitted on a quarterly basis with up to a 70 day notice period.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

11. FAIR VALUE MEASUREMENTS, continued:

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated statements of financial position at other than fair value.

Cash, receivables, and current obligations: The carrying amount of cash, certificates of deposit, accounts, and other receivables, accounts payable, accrued expenses, and other current obligations approximate fair value due to the short-term maturity of the these instruments.

Pledges receivable: The carrying value of pledges receivable approximates fair value and was estimated by taking the present value of estimated future cash flows using an average discount rate as stated in Note 4.

Captive insurance arrangements: The carrying amount approximates fair value due to the equity in the investment held by Young Life.

Notes payable: The fair value of notes payable approximates carrying value as the debt outstanding is calculated using a reasonable interest rate based on loan agreements.

Annuities payable: Instruments are discounted to their present value which approximates fair value.

12. EMPLOYEE BENEFIT PLANS:

Young Life has a noncontributory defined contribution pension plan covering substantially all salaried and certain hourly employees. The amount of contributions to the plan by Young Life is based on a percentage (currently 7%) of eligible compensation. New employees are fully vested after five years of continuous service. The nonvested balance is forfeited upon termination of service. Pension contributions for the years ended September 30, 2016 and 2015, were \$6,847,475 and \$6,849,914, respectively. Contributions to the plan are fully funded as of September 30, 2016 and 2015.

Young Life has a 401(k) plan to benefit all eligible employees from the date they begin employment with Young Life. Young Life matches employee contributions up to 4% of eligible compensation. Young Life's contributions to the 401(k) plan for the years ended September 30, 2016 and 2015, were \$3,658,316 and \$3,259,918, respectively.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

13. INVESTMENT IN CAPTIVE INSURANCE COMPANIES:

Young Life and eight other not-for-profit organizations are members of an offshore captive insurance holding company entitled Stewardship Insurance, Ltd. (SIL). There is one wholly-owned subsidiary of SIL, Stewardship Reinsurance, Ltd (SRL). In addition, Young Life and two other not-for-profit organizations are members of an offshore stop loss captive entitled Independent Risk Solutions (IRS). IRS provided coverage through December 31, 2013. Young Life accounts for its investments based on the equity method of accounting.

SIL captive insures claims relating to workers' compensation, property, general liability, and auto liability. SIL reinsures the first \$1,000,000 of any claim, of that \$1,000,000 SIL pays the first \$250,000 and SRL pays the next \$750,000 and the next \$1,000,000 is reinsured with a primary insurance carrier. The policy limits are \$2,000,000 with statutory workers' compensation benefits. Umbrella insurance coverage is purchased for claims exceeding \$2,000,000. Claim experience will be identified to each participating entity and subsequent premiums will be modified based on an entity's experience.

Included within investments is \$7,932,658 and \$8,010,245, which represents Young Life's investment in captive insurance as of September 30, 2016 and 2015, respectively. Investment balances are measured as of July 31, which represent the most recent data available. Young Life is not aware of any material changes to these balances as of September 30. Young Life has paid \$3,400,937 and \$3,331,485, in premiums to the captives during the years ended September 30, 2016 and 2015, respectively.

14. LEASE COMMITMENTS:

Young Life has several noncancellable operating leases which expire in various years through the year ending September 30, 2041. Lease expense for the years ended September 30, 2016 and 2015, was \$3,692,610 and \$3,815,952, respectively. Future minimum lease payments are:

<u>Year Ending September 30,</u>	
2017	\$ 2,135,711
2018	864,159
2019	347,351
2020	129,072
2021	32,394
Thereafter	<u>177,144</u>
	<u>\$ 3,685,831</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2016 and 2015

15. COMMITMENTS:

As of September 30, 2016, Young Life was contractually obligated for various projects and events. Outstanding commitments related to these projects and events as of September 30, 2016 were approximately \$1.6 million and are expected to be paid during the year ending September 30, 2017.

16. LITIGATION CONTINGENCY:

Young Life is subject to claims and lawsuits that arise primarily in the ordinary course of activities. In consideration of insurance coverage of these claims, management believes the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets, and cash flows of Young Life. Events could occur that would change this estimate.

17. SUBSEQUENT EVENTS:

Subsequent to September 30, 2016, Young Life received a pledge of \$20,000,000 for further construction of Washington Family Ranch. The pledge is expected to be collected on a quarterly basis ending August 2018.

Subsequent events have been evaluated through the report date, which represents the date the consolidated 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 Trustees
Young Life and Subsidiaries
Colorado Springs, Colorado

We have audited the consolidated financial statements of Young Life and Subsidiaries as of and for the years ended September 30, 2016 and 2015, and our report thereon dated November 9, 2016, which expresses an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and they are not a required part of the consolidated financial statements. The consolidated schedule of functional expenses is presented for purposes of additional analysis and is 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 audits 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

Colorado Springs, Colorado
November 9, 2016

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Financial Position September 30, 2016

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	
	Domestic	Foreign	Camping	Field				Total	Eliminations
ASSETS:									
Cash and cash equivalents	\$ 13,477,379	\$ -	\$ 1,364,232	\$ 968,101	\$ -	\$ -	\$ 15,809,712	\$ -	\$ 15,809,712
Cash restricted for long-lived assets	10,399,154	-	982,715	-	-	-	11,381,869	-	11,381,869
Investments	40,280,378	-	21,761	-	91,660,599	-	131,962,738	(782,511)	131,180,227
Accounts and other receivables	1,093,107	147,622	113,799	117,159	220,740	16,850	1,709,277	(220,740)	1,488,537
Pledges receivable, net	-	-	-	-	9,317,223	-	9,317,223	-	9,317,223
Inventory	1,479,517	-	95,381	-	-	6,692	1,581,590	-	1,581,590
Prepaid expenses and other assets	1,748,893	45,913	23,077	25,220	-	-	1,843,103	-	1,843,103
Assets held for sale	361,065	-	-	-	1,197,000	-	1,558,065	-	1,558,065
Land, buildings, and equipment, net	240,401,930	110,283	13,228,961	271,319	-	-	254,012,493	-	254,012,493
Assets held for endowment fund	-	-	-	-	2,124,029	-	2,124,029	-	2,124,029
Intercompany receivables (payables)	(13,364,798)	13,598,331	(361,304)	1,649	90,576	35,546	-	-	-
Total Assets	\$295,876,625	\$ 13,902,149	\$ 15,468,622	\$ 1,383,448	\$104,610,167	\$ 59,088	\$431,300,099	\$ (1,003,251)	\$430,296,848
LIABILITIES AND NET ASSETS:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 16,581,160	\$ 336,362	\$ 206,054	\$ 132,561	213,875	\$ 288	\$ 17,470,300	-	\$ 17,470,300
Notes payable	2,015,197	-	-	-	318,046	-	2,333,243	(198,308)	2,134,935
Custodial, trust, and annuity obligations	60,231	-	-	-	262,012	-	322,243	(22,431)	299,812
	<u>18,656,588</u>	<u>336,362</u>	<u>206,054</u>	<u>132,561</u>	<u>793,933</u>	<u>288</u>	<u>20,125,786</u>	<u>(220,739)</u>	<u>19,905,047</u>
Net assets:									
Unrestricted:									
Operating	29,555,900	12,333,743	(512,494)	1,047,185	84,349,435	58,800	126,832,569	(980,820)	125,851,749
Donor advised funds	-	-	-	-	2,369,271	-	2,369,271	-	2,369,271
Cumulative foreign currency translation adjustment	(16,180)	16,192	1,563,386	(67,617)	-	-	1,495,781	-	1,495,781
Equity in land, buildings, and equipment	238,386,733	110,283	13,228,961	271,319	-	-	251,997,296	198,308	252,195,604
	<u>267,926,453</u>	<u>12,460,218</u>	<u>14,279,853</u>	<u>1,250,887</u>	<u>86,718,706</u>	<u>58,800</u>	<u>382,694,917</u>	<u>(782,512)</u>	<u>381,912,405</u>
Temporarily restricted	9,293,584	1,105,569	982,715	-	15,431,701	-	26,813,569	-	26,813,569
Permanently restricted	-	-	-	-	1,665,827	-	1,665,827	-	1,665,827
	<u>277,220,037</u>	<u>13,565,787</u>	<u>15,262,568</u>	<u>1,250,887</u>	<u>103,816,234</u>	<u>58,800</u>	<u>411,174,313</u>	<u>(782,512)</u>	<u>410,391,801</u>
Total Liabilities and Net Assets	\$295,876,625	\$ 13,902,149	\$ 15,468,622	\$ 1,383,448	\$104,610,167	\$ 59,088	\$431,300,099	\$ (1,003,251)	\$430,296,848

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Activities Year Ended September 30, 2016

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	
	Domestic	Foreign	Camping	Field				Total	Total
SUPPORT AND REVENUE:									
Contributions-operating	\$206,130,107	\$ 26,315,078	\$ 358,961	\$ 1,055,483	\$ 6,071,490	\$ -	\$239,931,119	\$ (668,218)	\$239,262,901
Contributions restricted for capital purchases	20,745,559	1,567,076	-	-	6,331,713	-	28,644,348	-	28,644,348
Intercompany donations	23,467,437	(87,891)	3,768,487	5,414,386	11,935,809	-	44,498,228	(44,498,228)	-
Program services revenue	67,825,503	1,781,764	897,845	274,727	24,999	5,280	70,810,118	-	70,810,118
Investment and endowment income	760,840	2,813	1,338	2,312	5,490,400	-	6,257,703	-	6,257,703
Change in value of split-interest agreements	-	-	-	-	(47,015)	-	(47,015)	-	(47,015)
Sales income	7,157,184	-	486,823	-	-	175,820	7,819,827	-	7,819,827
Other income (loss)	2,921,770	-	74,052	-	(1,917)	236,469	3,230,374	-	3,230,374
Total Support and Revenue	329,008,400	29,578,840	5,587,506	6,746,908	29,805,479	417,569	401,144,702	(45,166,446)	355,978,256
EXPENSES:									
Salaries and employee benefits	182,984,694	10,474,542	996,812	1,632,994	-	-	196,089,042	(7,920,667)	188,168,375
Club and camping activities	45,223,307	2,269,878	482,439	2,994,651	-	1,791	50,972,066	(9,753,336)	41,218,730
Office and property expense	18,752,935	357,291	537,194	699,677	15,635	13,208	20,375,940	(427,086)	19,948,854
Depreciation and amortization	17,433,043	230,831	845,091	12,082	-	-	18,521,047	-	18,521,047
Events and materials	12,450,534	232,822	14,617	41,375	-	-	12,739,348	(420,042)	12,319,306
Travel, moving and conference	19,705,311	1,749,810	191,689	143,560	-	4,119	21,794,489	(3,427,406)	18,367,083
Stores, food and supplies	8,686,500	6,879	735,088	1,017	-	3,088	9,432,572	(128,441)	9,304,131
Professional services	8,816,534	143,259	236,877	390,634	256,433	77,847	9,921,584	(2,099,798)	7,821,786
Cost of sales	3,702,080	67	245,062	-	-	91,940	4,039,149	(63,433)	3,975,716
Vehicle expense	2,830,548	86,708	89,430	66,788	-	971	3,074,445	-	3,074,445
Miscellaneous	2,450,181	6,167	271,909	(21,224)	(1,305)	1,426	2,707,154	1,808	2,708,962
Grants to international affiliates	190,162	5,172,893	42,496	113,848	193,420	-	5,712,819	-	5,712,819
Intercompany donations	11,816,421	7,830,876	69,700	319,649	25,035,973	93,827	45,166,446	(45,166,446)	-
Intercompany charges	1,429,709	615,827	(1,948,230)	(98,549)	1,223	20	-	-	-
Intercompany collections	(30,911,536)	-	2,903	-	-	-	(30,908,633)	30,908,633	-
Total Expenses	305,560,423	29,177,850	2,813,077	6,296,502	25,501,379	288,237	369,637,468	(38,496,214)	331,141,254
Change in Net Assets Before Foreign Currency Translation	23,447,977	400,990	2,774,429	450,406	4,304,100	129,332	31,507,234	(6,670,232)	24,837,002
Foreign currency translation adjustment	(16,180)	16,192	(16,003)	(34,181)	-	-	(50,172)	-	(50,172)
Change in Net Assets	23,431,797	417,182	2,758,426	416,225	4,304,100	129,332	31,457,062	(6,670,232)	24,786,830
Net Assets, Beginning of Year	253,788,240	13,148,605	12,504,142	834,662	99,512,134	(70,532)	379,717,251	5,887,720	385,604,971
Net Assets, End of Year	\$277,220,037	\$ 13,565,787	\$ 15,262,568	\$ 1,250,887	\$103,816,234	\$ 58,800	\$411,174,313	\$ (782,512)	\$410,391,801

YOUNG LIFE AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses Year Ended September 30, 2016

	Program Services			Program Services Total	Supporting Activities		Supporting Activities Total	2016 Total Expenses	2015 Total Expenses
	Club Ministries	Camping Operations	Young Life Foundation Operations		Management and General	Fundraising			
Salaries and employee benefits	\$ 130,344,443	\$ 27,158,856	\$ -	\$ 157,503,299	\$ 17,799,784	\$ 12,865,292	\$ 30,665,076	\$ 188,168,375	\$ 170,961,005
Club and camping activities	38,097,426	3,038,621	-	41,136,047	64,511	18,172	82,683	41,218,730	39,111,600
Office and property expense	7,589,775	10,292,652	15,635	17,898,062	1,469,507	581,285	2,050,792	19,948,854	18,825,978
Depreciation and amortization	1,141,488	17,068,498	-	18,209,986	235,994	75,067	311,061	18,521,047	18,815,047
Events and materials	1,393,804	-	-	1,393,804	2,450,580	8,474,922	10,925,502	12,319,306	11,178,908
Travel, moving and conference	14,483,669	2,497,378	-	16,981,047	638,070	747,966	1,386,036	18,367,083	9,153,153
Stores, food and supplies	99,245	9,102,285	-	9,201,530	102,601	-	102,601	9,304,131	8,931,994
Professional services	2,887,984	2,924,799	256,433	6,069,216	1,751,572	998	1,752,570	7,821,786	8,224,394
Cost of sales	39,013	3,852,980	-	3,891,993	-	83,723	83,723	3,975,716	3,655,830
Vehicle expense	2,630,233	255,382	-	2,885,615	104,514	84,316	188,830	3,074,445	3,177,676
Miscellaneous	261,377	685,702	-	947,079	1,737,109	24,774	1,761,883	2,708,962	1,857,321
Grants to international affiliates	5,149,580	273,255	193,420	5,616,255	64,376	32,188	96,564	5,712,819	5,586,705
2016 Total Expenses	\$ 204,118,037	\$ 77,150,408	\$ 465,488	\$ 281,733,933	\$ 26,418,618	\$ 22,988,703	\$ 49,407,321	\$ 331,141,254	\$ 299,479,611
Percent of 2016 Total Expenses	61.6%	23.4%	0.1%	85.1%	8.0%	6.9%	14.9%	100.0%	
2015 Total Expenses	\$ 182,476,223	\$ 72,142,952	\$ 597,211	\$ 255,216,386	\$ 23,537,874	\$ 20,725,351	\$ 44,263,225	\$ 299,479,611	
Percent of 2015 Total Expenses	60.9%	24.2%	0.1%	85.2%	7.9%	6.9%	14.8%	100.0%	