



## YOUNG LIFE AND SUBSIDIARIES

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2019 and 2018

# YOUNG LIFE

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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, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, the consolidated statement of functional expenses for the year ended September 30, 2019, 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 controls 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 audit 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 controls 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 controls. 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, 2019 and 2018, 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.

***Emphasis of Matter***

Young Life and Subsidiaries have adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the September 30, 2019 and 2018 consolidated financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

Colorado Springs, Colorado  
November 12, 2019

# YOUNG LIFE

## Consolidated Statements of Financial Position September 30, 2019 and 2018

	2019	2018
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 27,753,093	\$ 10,710,411
Accounts and other receivables	1,090,515	1,240,932
Inventory	1,767,278	1,553,036
Prepaid expenses and other assets	4,829,215	2,657,490
Assets held for sale	17,514,484	132,000
Pledges receivable, net	44,283,294	35,966,079
Investments	159,452,356	181,207,599
Cash restricted for long-lived assets	7,905,789	11,249,236
Land, buildings, and equipment, net	312,927,807	299,855,919
Assets held for endowment fund	2,163,236	2,207,128
	\$ 579,687,067	\$ 546,779,830
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 25,537,808	\$ 22,298,123
Notes payable	1,579,447	1,776,200
Custodial, trust, and annuity obligations	242,836	266,646
	27,360,091	24,340,969
<b>Net assets:</b>		
<b>Without donor restrictions:</b>		
Operating	464,966,476	436,611,532
Donor advised funds	8,654,758	8,365,630
Cumulative foreign currency translation adjustment	675,501	1,326,084
	474,296,735	446,303,246
<b>With donor restrictions</b>	78,030,241	76,135,615
	552,326,976	522,438,861
<b>Total Liabilities and Net Assets</b>	<b>\$ 579,687,067</b>	<b>\$ 546,779,830</b>

See notes to consolidated financial statements

# YOUNG LIFE

## Consolidated Statement of Activities Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions-operating	\$ 265,522,504	\$ 30,531,559	\$ 296,054,063
Contributions restricted for capital purchases	-	41,183,741	41,183,741
Program services revenue	78,447,428	-	78,447,428
Investment and endowment income	6,909,487	286,020	7,195,507
Change in value of split-interest agreements	70,778	24,381	95,159
Sales income	8,913,934	-	8,913,934
Loss on write down of land and buildings	(11,835,757)	-	(11,835,757)
Other income	6,847,951	-	6,847,951
<b>Total Support and Revenue</b>	<b>354,876,325</b>	<b>72,025,701</b>	<b>426,902,026</b>
<b>NET ASSETS RELEASED:</b>			
Satisfaction of purpose and time restrictions	70,131,075	(70,131,075)	-
<b>EXPENSES:</b>			
Program services:			
Club ministries	244,673,010	-	244,673,010
Camping operations	88,682,242	-	88,682,242
Young Life Foundation	672,071	-	672,071
	<u>334,027,323</u>	<u>-</u>	<u>334,027,323</u>
Supporting activities:			
Management and general	33,511,819	-	33,511,819
Fundraising	28,824,186	-	28,824,186
	<u>62,336,005</u>	<u>-</u>	<u>62,336,005</u>
<b>Total Expenses</b>	<b>396,363,328</b>	<b>-</b>	<b>396,363,328</b>
Change in Net Assets Before Foreign Currency Translation	28,644,072	1,894,626	30,538,698
Foreign currency translation adjustments	(650,583)	-	(650,583)
<b>Change in Net Assets</b>	<b>27,993,489</b>	<b>1,894,626</b>	<b>29,888,115</b>
Net Assets, Beginning of Year	446,303,246	76,135,615	522,438,861
<b>Net Assets, End of Year</b>	<b>\$ 474,296,735</b>	<b>\$ 78,030,241</b>	<b>\$ 552,326,976</b>

See notes to consolidated financial statements

# YOUNG LIFE

## Consolidated Statement of Activities Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions-operating	\$ 248,135,405	\$ 50,845,748	\$ 298,981,153
Contributions restricted for capital purchases	-	46,861,492	46,861,492
Program services revenue	73,237,795	-	73,237,795
Investment and endowment income	10,546,470	600,026	11,146,496
Change in value of split-interest agreements	(54,770)	39,974	(14,796)
Sales income	8,242,708	-	8,242,708
Other income	2,700,040	-	2,700,040
<b>Total Support and Revenue</b>	<b>342,807,648</b>	<b>98,347,240</b>	<b>441,154,888</b>
<b>NET ASSETS RELEASED:</b>			
Satisfaction of purpose and time restrictions	66,311,410	(66,311,410)	-
<b>EXPENSES:</b>			
Program services:			
Club ministries	227,540,824	-	227,540,824
Camping operations	82,216,931	-	82,216,931
Young Life Foundation	520,325	-	520,325
	<u>310,278,080</u>	<u>-</u>	<u>310,278,080</u>
Supporting activities:			
Management and general	32,966,902	-	32,966,902
Fundraising	26,093,434	-	26,093,434
	<u>59,060,336</u>	<u>-</u>	<u>59,060,336</u>
<b>Total Expenses</b>	<b>369,338,416</b>	<b>-</b>	<b>369,338,416</b>
Change in Net Assets Before Foreign Currency Translation	39,780,642	32,035,830	71,816,472
Foreign currency translation adjustments	(257,371)	-	(257,371)
Change in Net Assets	39,523,271	32,035,830	71,559,101
Net Assets, Beginning of Year	406,779,975	44,099,785	450,879,760
Net Assets, End of Year	<u>\$ 446,303,246</u>	<u>\$ 76,135,615</u>	<u>\$ 522,438,861</u>

See notes to consolidated financial statements

## YOUNG LIFE

### Consolidated Statement of Functional Expenses Year Ended September 30, 2019

	Program Services			Program Services Total	Supporting Activities		Supporting Activities Total	2019 Total Expenses	2018 Total Expenses
	Club Ministries	Camping Operations	Young Life Foundation Operations		Management and General	Fundraising			
Salaries and employee benefits	\$ 162,451,960	\$ 32,480,875	\$ -	\$ 194,932,835	\$ 23,484,363	\$16,232,910	\$ 39,717,273	\$ 234,650,108	\$ 218,890,021
External camp and transportation rentals	29,342,013	1,050,663	-	30,392,676	21,611	747	22,358	30,415,034	28,318,182
Office and property expense	12,303,176	10,255,099	27,479	22,585,754	1,460,863	1,333,008	2,793,871	25,379,625	23,107,757
Depreciation and amortization	1,914,955	18,808,123	-	20,723,078	379,066	47,775	426,841	21,149,919	19,860,809
Travel, moving, and conference	12,550,993	1,849,153	-	14,400,146	-	850,393	850,393	15,250,539	13,656,069
Events and materials	1,443,517	-	-	1,443,517	2,930,386	9,403,714	12,334,100	13,777,617	13,655,054
Professional services	3,806,581	4,430,207	232,727	8,469,515	2,621,151	755,099	3,376,250	11,845,765	11,455,152
Insurance premiums	5,747,049	5,419,316	-	11,166,365	424,882	-	424,882	11,591,247	10,927,956
Food and ministry supplies	4,895,552	10,042,508	-	14,938,060	146,758	-	146,758	15,084,818	13,771,642
Grants to international affiliates	5,291,780	590	379,750	5,672,120	475,644	36,285	511,929	6,184,049	6,299,616
Cost of sales	44,739	4,077,847	-	4,122,586	1,414	-	1,414	4,124,000	4,016,746
Vehicle expense	3,371,299	267,861	-	3,639,160	178,134	125,026	303,160	3,942,320	3,353,874
Miscellaneous	1,509,396	-	32,115	1,541,511	1,387,547	39,229	1,426,776	2,968,287	2,025,538
<b>2019 Total Expenses</b>	<b>\$ 244,673,010</b>	<b>\$ 88,682,242</b>	<b>\$ 672,071</b>	<b>\$ 334,027,323</b>	<b>\$ 33,511,819</b>	<b>\$ 28,824,186</b>	<b>\$ 62,336,005</b>	<b>\$ 396,363,328</b>	<b>\$ 369,338,416</b>
Percent of 2019 Total Expenses	61.7%	22.4%	0.2%	84.3%	8.4%	7.3%	15.7%	100.0%	
<b>2018 Total Expenses</b>	<b>\$ 227,540,824</b>	<b>\$ 82,216,931</b>	<b>\$ 520,325</b>	<b>\$ 310,278,080</b>	<b>\$ 32,966,902</b>	<b>\$ 26,093,434</b>	<b>\$ 59,060,336</b>	<b>\$ 369,338,416</b>	
Percent of 2018 Total Expenses	61.6%	22.3%	0.1%	84.0%	8.9%	7.1%	16.0%	100.0%	

See notes to consolidated financial statements



# YOUNG LIFE

## Consolidated Statements of Cash Flows Years Ended September 30, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 29,888,115	\$ 71,559,101
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	21,149,919	19,860,809
Bad debt and doubtful pledge expense	435,598	204,857
(Gain) loss on disposal of land, buildings, and equipment	(199,915)	311,591
Loss on disposal of assets held for sale	25,366	154,729
Loss on impairment of assets held for sale	12,015,656	-
Realized and unrealized gains on investments	(271,461)	(6,081,306)
Gain on investment in captive insurance companies	(1,574,370)	(2,285,630)
Change in value of split-interest agreements	(95,159)	14,796
Reinvested dividends	(3,140,936)	(1,846,383)
Capitalized and held for sale in-kind contributions	(729,746)	(17,810,600)
Foreign currency translation	650,583	257,371
Contributions received restricted for long-lived assets	(41,183,741)	(46,861,492)
Changes in operating assets and liabilities:		
Accounts and other receivables	146,062	(106,094)
Pledges receivable	(8,748,458)	(16,614,777)
Inventory	(214,242)	(94,794)
Prepaid expenses and other assets	(2,171,725)	(246,480)
Accounts payable and accrued liabilities	4,816,403	1,628,626
Custodial, trust, and annuity obligations	(23,810)	(30,312)
Net Cash Provided by Operating Activities	10,774,139	2,014,012
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(75,900,015)	(80,682,729)
Proceeds from sales of investments	102,736,525	63,094,714
Purchases of land, buildings, and equipment	(65,628,840)	(30,479,621)
Proceeds from sales of land, buildings, and equipment	789,063	66,019
Proceeds from sales of assets held for sale	229,634	483,921
Net Cash Used by Investing Activities	(37,773,633)	(47,517,696)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	(196,753)	(184,922)
Reinvested dividends of assets held for endowment fund	(50,224)	(27,526)
Gain on assets held for endowment fund	3,168	(187,804)
Distributions of assets held for endowment fund	90,948	198,467
Transfer of cash restricted for long-lived assets	16,998,437	8,447,392
Proceeds from contributions for long-lived assets	27,528,751	43,722,554
Net Cash Provided by Financing Activities	44,374,327	51,968,161
Effect of Exchange Rate Changes on Cash	(332,151)	59,447
Net Change in Cash and Cash Equivalents	17,042,682	6,523,924
Cash and Cash Equivalents, Beginning of Year	10,710,411	4,186,487
Cash and Cash Equivalents, End of Year	27,753,093	10,710,411
Cash Restricted for Long-Lived Assets	7,905,789	11,249,236
Total Cash and Cash Equivalents, End of Year	\$ 35,658,882	\$ 21,959,647
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Transfer of land, buildings, and equipment to assets held for sale	\$ 29,423,140	\$ -
Cash paid for interest	\$ 103,696	\$ 115,524
Fixed assets acquired with accounts payable	\$ -	\$ 1,576,718

See notes to consolidated financial statements

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 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. Through four major operating segments, Young Life operates 8,513 ministries in the U.S. and around the world. These segments are: U.S. Field Operations and International Field Operations (Club Ministries), 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 103 countries around the globe. Young Life field staff reach out to all kids and have ministries designed to serve teen moms, kids with disabilities, and kids living in urban or rural areas. Young Life owns and operates 27-world class camping facilities and runs 7 seasonal camping programs 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, 2019 and 2018, include the assets, liabilities, net assets, revenues, and expenses of Young Life, inclusive of Young Life Foundation, 3E Ministry Resources, Inc. (3E), and controlled domestic and foreign subsidiaries that meet baseline reporting requirements. Grants to non-consolidated yet controlled foreign entities are included within related party transactions in note 18. 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 and comparable state law(s). 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

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 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, 2019 and 2018. As of September 30, 2019 and 2018, cash and cash equivalents and cash restricted for long-lived assets held on deposit were in excess of the federally insured limits by approximately \$27,320,000 and \$14,045,000, respectively. However, 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. Cash restricted for long-lived assets consists of capital funds received and not yet expended as of September 30, 2019 and 2018.

#### 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 net realizable value, 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.

#### 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. During the year ended September 30, 2019, \$29,423,140 related to three properties was transferred from land, buildings, and equipment related to assets held for sale. Subsequent to this transfer, an impairment loss of \$12,015,656 was recorded on those assets.

#### 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 company 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

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS, continued

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.

#### 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.

#### ASSETS HELD FOR ENDOWMENT FUND

Young Life's endowment fund consists of three 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 net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions by purpose 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:

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ASSETS HELD FOR ENDOWMENT FUND, continued

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

*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, no deficiencies of this nature have been reported in net assets with donor restrictions as of September 30, 2019 and 2018.

*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 donor 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 net assets with donor restrictions to net assets without donor restrictions as designated by the trust agreement.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### TRUST AND ANNUITY OBLIGATIONS, continued

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. Legally-mandated reserves for certain States are maintained by Young Life. Discount rates used for the present value calculation of liabilities for trusts and annuities range from 6.0-7.2%.

Assets held for trust and annuity obligations totaled approximately \$864,000 and \$860,000 as of September 30, 2019 and 2018, respectively, and are included within investments on the consolidated statements of financial position.

#### NET ASSETS

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

*Net assets without donor restrictions* 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.

*Net assets with donor restrictions* include those by which Young Life's use has been limited by donors to a specific time period or purpose. They also include those that 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 revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. Funds are raised for field operations primarily by the individual areas and regions throughout the United States and internationally. Young Life considers these contributions as support for general field operations and will reallocate resources between individual areas and regions if needed. Accordingly, these contributions are recorded as contributions without donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 with donor restriction and then released from restriction.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES, continued

Gifts of land, buildings, and equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions 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.

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.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The statement of functional expenses reports certain categories of expenses that are attributable to program or support activities of Young Life. Salaries and benefits are allocated based on time and effort, depreciation and amortization is allocated based on the purpose of the fixed asset, and costs of other categories are allocated based on the purpose of the expense.



# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Young Life adopted the provisions of this new standard during the year ended September 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and availability of resources (Note 5), disclosures related to consolidated statement of functional expenses were expanded (Note 2, above), and a consolidated statement of functional expenses was added. Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

### 3. INVESTMENTS AND ASSETS HELD FOR ENDOWMENT FUND:

Investments and assets held for endowment fund consist of:

	September 30, 2019			September 30, 2018		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Money market mutual funds	\$ 28,755	\$ 6,448,455	\$ 6,477,210	\$ 21,933	\$ 11,022,432	\$ 11,044,365
Equity securities	108,256	57,714,491	57,822,747	155,272	56,218,582	56,373,854
Fixed income securities	20,450,577	33,412,576	53,863,153	20,495,775	24,700,942	45,196,717
Land and land interests	-	1,158,442	1,158,442	-	703,615	703,615
Captive insurance arrangements	10,160,053	-	10,160,053	9,291,033	-	9,291,033
Alternative investments	-	13,357,517	13,357,517	-	16,532,397	16,532,397
Certificates of deposit	17,912,173	-	17,912,173	43,412,349	-	43,412,349
Other	-	864,297	864,297	-	860,397	860,397
	48,659,814	112,955,778	161,615,592	73,376,362	110,038,365	183,414,727
Less: Assets held for endowment fund	-	(2,163,236)	(2,163,236)	-	(2,207,128)	(2,207,128)
Total investments	\$ 48,659,814	\$ 110,792,542	\$ 159,452,356	\$ 73,376,362	\$ 107,831,237	\$ 181,207,599

Investment and endowment income consists of:

	Year Ended September 30, 2019			Year Ended September 30, 2018		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Interest and dividends	\$ 2,259,536	\$ 3,093,308	\$ 5,352,844	\$ 1,158,041	\$ 1,433,715	\$ 2,591,756
Gain on investment in captive insurance arrangements	1,574,370	-	1,574,370	2,285,630	-	2,285,630
Net realized and unrealized gain	30,219	238,074	268,293	74,740	6,194,370	6,269,110
	\$ 3,864,125	\$ 3,331,382	\$ 7,195,507	\$ 3,518,411	\$ 7,628,085	\$ 11,146,496



# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

4. PLEDGES RECEIVABLE, NET:

Pledges receivable, net consist of:

	2019	2018
Camp capital purchases or gifts	\$ 22,891,277	\$ 21,989,571
Campership	2,900,000	2,900,000
Field ministries	20,622,191	13,292,500
	46,413,468	38,182,071
Less: Allowance for uncollectible pledges	(840,304)	(459,904)
Less: Present value discount	(1,289,870)	(1,756,088)
	\$ 44,283,294	\$ 35,966,079

At September 30, 2019, pledges receivable are expected to mature as follows:

Due in less than one year	\$ 13,490,429
Due in one to five years	30,792,865
	\$ 44,283,294

Young Life accounts for the present value of pledges receivable using a risk-adjusted discount rate range of 1.6% -1.8%. An allowance for uncollectible pledges receivable is recorded based upon collection history.

Young Life also received conditional pledges receivable to support capital projects as well as matching gifts of specified amounts, which are not recognized until the condition has been met. As of September 30, 2019 and 2018, total conditional pledges receivable approximated \$0 and \$1,000,000, respectively.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects Young Life's financial assets reduced by amounts not available for general expenditure within one year as of September 30, 2019. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:

Cash and cash equivalents	\$ 27,753,093
Cash restricted for long-lived assets	7,905,789
Accounts and other receivables	1,090,515
Pledges receivable, net	44,283,294
Investments	159,452,356
Assets held for endowment fund	2,163,236
	<u>\$ 242,648,283</u>

Less those unavailable for general expenditure within one year, due to:

Donor restrictions:

Pledges	(38,565,794)
Donor advised funds and trusts	(9,481,649)
Capital cash	(7,905,789)
Campership	(1,274,508)
Training	(578,635)
Captive insurance arrangement reserve requirements	(6,800,000)
Funds to be held in perpetuity	(2,088,236)
Accounts and other receivables	(814,646)
Custodial, trust, and annuity obligations	<u>(242,836)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 174,896,190

The ministry of Young Life is substantially supported by contributions from donors giving to one of over 2,800 area, regional, or camping mission units that directly support ministry work in local communities all around the world. The financial assets available to meet cash needs for general expenditures within one year are being held for certain management designated purposes including nearly \$50 million for costs associated with benefits, insurance, camping properties maintenance, and a mission-wide vision-casting conference to be spent in the coming year. Additionally, management considers cash reserves representing 3 months of operating expenses to be adequate, which at September 30, 2019, approximates \$105 million.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

6. LAND, BUILDINGS, AND EQUIPMENT, NET:

Land, buildings, and equipment, net consist of:

	2019	2018
Land	\$ 59,214,622	\$ 56,420,016
Buildings and improvements	410,015,210	379,793,023
Furniture and equipment	64,919,064	64,183,543
Marine equipment	2,520,678	2,866,986
Vehicles and other	10,654,350	9,342,903
	547,323,924	512,606,471
Accumulated depreciation	(253,566,040)	(239,565,476)
	293,757,884	273,040,995
Construction in progress	19,169,923	26,814,924
	\$ 312,927,807	\$ 299,855,919

Equity in land, buildings, and equipment consists of:

Land, buildings, and equipment, net	\$ 312,927,807	\$ 299,855,919
Less: related note payable	(1,327,453)	(1,501,196)
	\$ 311,600,354	\$ 298,354,723

7. NOTES PAYABLE:

Notes payable consists of:

	2019	2018
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.	\$ 1,327,453	\$ 1,501,196
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.	251,994	275,004
	\$ 1,579,447	\$ 1,776,200

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

7. NOTES PAYABLE, continued:

Future minimum payments under notes payable are:

<u>Year Ending September 30,</u>		
2020	\$	209,117
2021		222,739
2022		237,014
2023		252,213
2024		268,322
Thereafter		390,042
	\$	1,579,447

Young Life was in compliance with all financial and reporting covenants at September 30, 2019 and 2018.

8. MEDICAL CLAIMS RESERVE:

Young Life has a self-insured employee group medical plan. Insurance policies in force at September 30, 2019 and 2018, 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, totaling \$3,597,000 and \$3,456,000 as of September 30, 2019 and 2018, respectively. These amounts are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

9. INSURANCE LOSS ACCRUAL:

During 2002, Young Life incurred a loss 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 \$6,875,117 and \$5,470,835 as of September 30, 2019 and 2018, respectively, and is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	2019	2018
Capital improvements	\$ 29,733,359	\$ 31,510,265
Campership and club ministries	45,648,945	41,932,096
Endowments restricted in perpetuity	1,665,827	1,665,827
Other	578,635	631,487
Trust agreement	403,475	395,940
	\$ 78,030,241	\$ 76,135,615

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 11. ASSETS HELD FOR ENDOWMENT FUND:

Assets held for endowment fund are as follows:

	2019	2018
Without donor restrictions	\$ 10,332	\$ 11,471
With donor restrictions	2,152,904	2,195,657
	\$ 2,163,236	\$ 2,207,128

Changes in assets held for endowment fund for the year ended September 30, 2019, consist of:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 11,471	\$ 2,195,657	\$ 2,207,128
Dividend and interest income	30,907	19,317	50,224
Net realized and unrealized losses	(2,857)	(311)	(3,168)
Appropriations of endowment assets for expenditures	(29,189)	(61,759)	(90,948)
Endowment net assets, end of year	\$ 10,332	\$ 2,152,904	\$ 2,163,236

Changes in assets held for endowment fund for the year ended September 30, 2018, consist of:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 31,603	\$ 2,158,662	\$ 2,190,265
Dividend and interest income	15,439	12,087	27,526
Net realized and unrealized gains	105,439	82,365	187,804
Appropriations of endowment assets for expenditures	(141,010)	(57,457)	(198,467)
Endowment net assets, end of year	\$ 11,471	\$ 2,195,657	\$ 2,207,128

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 12. 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, 2019 and 2018. The following table displays the fair values of assets measured on a recurring basis at September 30, 2019 and 2018:

	September 30, 2019	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	\$ 6,477,210	\$ 6,477,210	\$ -
Equity securities	57,822,747	57,822,747	-
Fixed income securities	53,863,153	30,307,181	23,555,972
Land and land interests	1,158,442	-	1,158,442
Other	864,297	-	864,297
	120,185,849	\$ 94,607,138	\$ 25,578,711
Investments held at other than fair value:			
Captive insurance company	10,160,053		
Certificates of deposit	17,912,173		
Investments held at net asset value:			
MLP funds (a)	5,196,190		
Multi-strategy hedge funds (b)	2,340,011		
Equity long/short hedge funds (c)	3,808,022		
Real estate fund	2,013,294		
	161,615,592		
Less: Assets held for endowment fund	(2,163,236)		
Total Investments	\$ 159,452,356		

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 12. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2018	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	\$ 11,044,365	\$ 11,044,365	\$ -
Equity securities	56,373,854	56,373,854	-
Fixed income securities	45,196,717	10,552,344	34,644,373
Land and land interests	703,615	-	703,615
Other	860,397	-	860,397
	114,178,948	\$ 77,970,563	\$ 36,208,385
Investments held at other than fair value:			
Captive insurance company	9,291,033		
Certificates of deposit	43,412,349		
Investments held at net asset value:			
MLP funds (a)	4,905,635		
Multi-strategy hedge funds (b)	8,335,338		
Equity long/short hedge funds (c)	3,291,424		
	183,414,727		
Less: Assets held for endowment fund	(2,207,128)		
Total Investments	\$ 181,207,599		

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 12. 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 consolidated financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. At September 30, 2019 and 2018, 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

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 13. 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, 2019 and 2018, were \$8,347,403 and \$7,856,623, respectively. Contributions to the plan are fully funded as of September 30, 2019 and 2018.

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, 2019 and 2018, were \$4,715,541 and \$4,365,137 and, respectively.

### 14. INVESTMENT IN CAPTIVE INSURANCE COMPANY:

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). 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 \$10,160,053 and \$9,291,033, which represents Young Life's investment in captive insurance as of September 30, 2019 and 2018, respectively, representing 29.0% and 29.2%, respectively, of SIL. 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 \$4,237,048 and \$4,101,278, in premiums to the captives during the years ended September 30, 2019 and 2018, respectively.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 14. INVESTMENT IN CAPTIVE INSURANCE COMPANY, continued:

Summary financial information of SIL is as follows:

	July 31, *	
	2019	2018
Total assets	\$ 70,673,920	\$ 68,851,000
Total liabilities	\$ 35,699,439	\$ 37,012,000
Comprehensive income (net of dividends)	\$ 1,609,000	\$ 2,200,000

\* Amounts represent unaudited balances and activities through and for the years ended July 31, 2019 and 2018.

### 15. ALLOCATION OF JOINT COSTS:

For the years ended September 30, 2019 and 2018, Young Life incurred joint costs of \$13,777,617 and \$13,655,054, respectively, for fundraising events and informational materials that include program, administrative, and fundraising components. During the year ended September 30, 2019, \$1,443,517 of those costs were allocated to program services, \$2,930,386 to management and general, and \$9,403,714 to fundraising. During the year ended September 30, 2018, \$3,235,153 of those costs were allocated to program services, \$2,707,896 to management and general, and \$7,712,005 to fundraising.

### 16. LEASE COMMITMENTS:

Young Life has several noncancellable operating leases which expire in various years. Lease expense for the years ended September 30, 2019 and 2018, was \$4,286,492 and \$4,410,370, respectively. Future minimum lease payments are:

Year Ending September 30,	
2020	\$ 2,440,740
2021	948,841
2022	402,323
2023	142,565
2024	16,850
	\$ 3,951,319

### 17. COMMITMENTS:

As of September 30, 2019, Young Life was contractually obligated for various projects and events. Outstanding commitments related to these projects and events as of September 30, 2019 were approximately \$8.6 million and are expected to be paid during the year ending September 30, 2020.

# YOUNG LIFE

## Notes to Consolidated Financial Statements September 30, 2019 and 2018

### 18. RELATED PARTY TRANSACTIONS:

During the years ended September 30, 2019 and 2018, members of the Board of Trustees made contributions to Young Life of approximately \$15,600,000 and \$3,891,000, respectively.

Young Life granted approximately \$885,000 and \$786,000 to related party affiliate organizations during the years ended September 30, 2019 and 2018, respectively. These organizations are either non-consolidated yet controlled by Young Life or organizations that have board representation from Young Life officers or key employees. Granted amounts are included within grants to international affiliates on the consolidated statements of activities.

### 19. 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.

### 20. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 12, 2019, which is the date the consolidated financial statements were available to be issued.

## **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, 2019 and 2018, and our report thereon dated November 12, 2019, 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. 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 12, 2019

# YOUNG LIFE

## Consolidating Statement of Financial Position September 30, 2019

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	
	Domestic	Foreign	Camping	Field				Total	Eliminations
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 25,682,405	\$ -	\$ 1,083,646	\$ 982,756	\$ -	\$ -	\$ 27,748,807	\$ 4,286	\$ 27,753,093
Accounts and other receivables	807,713	-	47,223	218,892	111,692	16,687	1,202,207	(111,692)	1,090,515
Inventory	1,680,144	-	81,256	-	-	5,878	1,767,278	-	1,767,278
Prepaid expenses and other assets	4,678,308	85,818	22,556	42,533	-	-	4,829,215	-	4,829,215
Assets held for sale	17,407,484	-	-	-	107,000	-	17,514,484	-	17,514,484
Pledges receivable, net	-	-	-	-	44,283,294	-	44,283,294	-	44,283,294
Investments	49,421,055	-	21,270	-	110,792,542	-	160,234,867	(782,511)	159,452,356
Cash restricted for long-lived assets	6,891,257	-	1,014,532	-	-	-	7,905,789	-	7,905,789
Land, buildings, and equipment, net	296,642,262	89,470	15,942,043	254,032	-	-	312,927,807	-	312,927,807
Assets held for endowment fund	-	-	-	-	2,163,236	-	2,163,236	-	2,163,236
Intercompany receivables (payables)	(17,932,667)	18,129,266	632,537	(9,721)	(903,455)	40,020	(44,020)	44,020	-
<b>Total Assets</b>	<b>\$385,277,961</b>	<b>\$ 18,304,554</b>	<b>\$ 18,845,063</b>	<b>\$ 1,488,492</b>	<b>\$156,554,309</b>	<b>\$ 62,585</b>	<b>\$580,532,964</b>	<b>\$ (845,897)</b>	<b>\$579,687,067</b>
<b>LIABILITIES AND NET ASSETS:</b>									
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 33,661,250	\$ 774,241	\$ 276,641	\$ 196,134	\$ 8,000	\$ 4,377	\$ 34,920,643	\$ (9,382,835)	\$ 25,537,808
Notes payable	1,439,145	-	-	-	251,994	-	1,691,139	(111,692)	1,579,447
Custodial, trust, and annuity obligations	41,040	-	-	-	201,796	-	242,836	-	242,836
	<u>35,141,435</u>	<u>774,241</u>	<u>276,641</u>	<u>196,134</u>	<u>461,790</u>	<u>4,377</u>	<u>36,854,618</u>	<u>(9,494,527)</u>	<u>27,360,091</u>
<b>Net assets:</b>									
<b>Without donor restrictions:</b>									
Operating	331,045,744	14,787,119	17,766,151	1,434,464	91,226,160	58,208	456,317,846	8,648,630	464,966,476
Donor advised funds	-	-	-	-	8,654,758	-	8,654,758	-	8,654,758
Cumulative foreign currency translation adjustment	91,685	(76,349)	802,271	(142,106)	-	-	675,501	-	675,501
	<u>331,137,429</u>	<u>14,710,770</u>	<u>18,568,422</u>	<u>1,292,358</u>	<u>99,880,918</u>	<u>58,208</u>	<u>465,648,105</u>	<u>8,648,630</u>	<u>474,296,735</u>
<b>With donor restrictions</b>	<u>18,999,097</u>	<u>2,819,543</u>	<u>-</u>	<u>-</u>	<u>56,211,601</u>	<u>-</u>	<u>78,030,241</u>	<u>-</u>	<u>78,030,241</u>
	<u>350,136,526</u>	<u>17,530,313</u>	<u>18,568,422</u>	<u>1,292,358</u>	<u>156,092,519</u>	<u>58,208</u>	<u>543,678,346</u>	<u>8,648,630</u>	<u>552,326,976</u>
<b>Total Liabilities and Net Assets</b>	<b>\$385,277,961</b>	<b>\$ 18,304,554</b>	<b>\$ 18,845,063</b>	<b>\$ 1,488,492</b>	<b>\$156,554,309</b>	<b>\$ 62,585</b>	<b>\$580,532,964</b>	<b>\$ (845,897)</b>	<b>\$579,687,067</b>

# YOUNG LIFE

## Consolidating Statement of Activities Year Ended September 30, 2019

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	
	Domestic	Foreign	Camping	Field				Total	Total
<b>SUPPORT AND REVENUE:</b>									
Contributions-operating	\$249,439,135	\$ 25,571,422	\$ 272,338	\$ 1,450,059	\$ 19,428,609	\$ -	\$296,161,563	\$ (107,500)	\$296,054,063
Contributions restricted for capital purchases	23,618,447	729,419	-	-	16,835,875	-	41,183,741	-	41,183,741
Intercompany donations	33,744,174	4,278,858	1,573,126	8,200,438	4,612,457	-	52,409,053	(52,409,053)	-
Program services revenue	75,359,846	1,613,789	910,134	522,062	40,330	1,267	78,447,428	-	78,447,428
Investment and endowment income	3,851,169	-	7,793	5,163	3,331,382	-	7,195,507	-	7,195,507
Change in value of split-interest agreements	-	-	-	-	95,159	-	95,159	-	95,159
Sales income	8,266,013	785	621,482	-	-	25,654	8,913,934	-	8,913,934
Loss on write down of land and buildings	(11,710,107)	-	(100,284)	-	(25,366)	-	(11,835,757)	-	(11,835,757)
Other income	6,490,788	-	139,518	-	37,510	180,135	6,847,951	-	6,847,951
<b>Total Support and Revenue</b>	<b>389,059,465</b>	<b>32,194,273</b>	<b>3,424,107</b>	<b>10,177,722</b>	<b>44,355,956</b>	<b>207,056</b>	<b>479,418,579</b>	<b>(52,516,553)</b>	<b>426,902,026</b>
<b>EXPENSES:</b>									
Salaries and employee benefits	224,174,136	11,505,600	1,252,595	3,515,737	-	-	240,448,068	(5,797,960)	234,650,108
Camp facility and transportation rentals	25,158,979	904,191	5,765	4,346,099	-	-	30,415,034	-	30,415,034
Office and property expense	23,356,005	393,453	710,672	889,830	27,479	2,186	25,379,625	-	25,379,625
Depreciation and amortization	19,668,742	14,675	1,440,220	26,282	-	-	21,149,919	-	21,149,919
Travel, moving and conference	16,511,909	1,969,783	16,022	370,929	-	6,450	18,875,093	(3,624,554)	15,250,539
Events and materials	13,769,514	291,011	18,399	103,675	-	-	14,182,599	(404,982)	13,777,617
Professional services	13,336,797	462,183	385,448	582,459	262,045	1,724	15,030,656	(3,184,891)	11,845,765
Insurance premiums	11,331,686	6,733	240,918	11,910	-	-	11,591,247	-	11,591,247
Food and ministry supplies	25,172,211	374,197	1,143,233	608,984	-	3,572	27,302,197	(12,217,379)	15,084,818
Grants to international affiliates	326,539	5,293,421	52,762	131,577	379,750	-	6,184,049	-	6,184,049
Cost of sales	3,855,164	-	292,890	-	-	15,307	4,163,361	(39,361)	4,124,000
Vehicle expense	3,657,623	72,439	84,133	127,210	-	915	3,942,320	-	3,942,320
Miscellaneous	3,052,136	-	-	18,522	32,116	1,187	3,103,961	(135,674)	2,968,287
Intercompany donations	2,674,360	11,300,344	38,337	147,612	38,185,954	169,946	52,516,553	(52,516,553)	-
Intercompany charges	3,310,731	(832,488)	(2,361,831)	(222,768)	(29,318)	-	(135,674)	135,674	-
Intercompany collections	(21,816,913)	-	3,094	-	-	-	(21,813,819)	21,813,819	-
<b>Total Expenses</b>	<b>367,539,619</b>	<b>31,755,542</b>	<b>3,322,657</b>	<b>10,658,058</b>	<b>38,858,026</b>	<b>201,287</b>	<b>452,335,189</b>	<b>(55,971,861)</b>	<b>396,363,328</b>
Change in Net Assets Before Foreign Currency Translation	21,519,846	438,731	101,450	(480,336)	5,497,930	5,769	27,083,390	3,455,308	30,538,698
Foreign currency translation adjustment	107,865	(92,541)	(617,288)	(48,619)	-	-	(650,583)	-	(650,583)
Change in Net Assets	21,627,711	346,190	(515,838)	(528,955)	5,497,930	5,769	26,432,807	3,455,308	29,888,115
Net Assets, Beginning of Year	328,508,815	17,184,123	19,084,260	1,821,313	150,594,589	52,439	517,245,539	5,193,322	522,438,861
Net Assets, End of Year	<u>\$350,136,526</u>	<u>\$ 17,530,313</u>	<u>\$ 18,568,422</u>	<u>\$ 1,292,358</u>	<u>\$156,092,519</u>	<u>\$ 58,208</u>	<u>\$543,678,346</u>	<u>\$ 8,648,630</u>	<u>\$552,326,976</u>