



INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.

Financial Statements  
With Independent Auditors' Report

December 31, 2019 and 2018

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
International Fellowship of Evangelical Students/USA, Inc.  
Platteville, Wisconsin

We have audited the accompanying financial statements of International Fellowship of Evangelical Students/USA, Inc. which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Directors  
International Fellowship of Evangelical Students/USA, Inc.  
Platteville, Wisconsin

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Fellowship of Evangelical Students/USA, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
February 13, 2020

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Statements of Financial Position**

|   | December 31, |              |
|---|--------------|--------------|
|   | 2019         | 2018         |
| <b>ASSETS:</b>                                  |              |              |
| Cash and cash equivalents                       | \$ 1,686,269 | \$ 1,369,209 |
| Prepaid expenses and other assets               | 61           | 61           |
| Investments                                     | 1,883,309    | 1,491,168    |
| Property and equipment–net                      | 3,363        | 5,020        |
| Total Assets                                    | \$ 3,573,002 | \$ 2,865,458 |
| <b>LIABILITIES AND NET ASSETS:</b>              |              |              |
| Liabilities:                                    |              |              |
| Accounts payable                                | \$ 5,722     | \$ 6,262     |
| Funds held for affiliated organization          | 410,338      | 500,809      |
| Contribution payable to affiliated organization | 1,147,249    | 1,032,940    |
|   | 1,563,309    | 1,540,011    |
| Net assets:                                     |              |              |
| Without donor restrictions                      | 641,902      | 531,947      |
| With donor restrictions                         | 1,367,791    | 793,500      |
|   | 2,009,693    | 1,325,447    |
| Total Liabilities and Net Assets                | \$ 3,573,002 | \$ 2,865,458 |

See notes to financial statements

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Statements of Activities**

|                                  | Year Ended December 31,       |                            |                     |                               |                            |                     |
|----------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|                                  | 2019                          |                            |                     | 2018                          |                            |                     |
|                                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>SUPPORT AND REVENUE:</b>      |                               |                            |                     |                               |                            |                     |
| Contributions and grant income   | \$ 181,444                    | \$ 5,761,443               | \$ 5,942,887        | \$ 93,791                     | \$ 4,996,921               | \$ 5,090,712        |
| Investment income (loss)–net     | 99,822                        | -                          | 99,822              | (1,256)                       | -                          | (1,256)             |
| Other income                     | 3,106                         | -                          | 3,106               | 12,658                        | -                          | 12,658              |
| <b>Total Support and Revenue</b> | <b>284,372</b>                | <b>5,761,443</b>           | <b>6,045,815</b>    | <b>105,193</b>                | <b>4,996,921</b>           | <b>5,102,114</b>    |
| <b>NET ASSETS RELEASED:</b>      |                               |                            |                     |                               |                            |                     |
| Purpose restrictions             | 4,648,439                     | (4,648,439)                | -                   | 4,677,697                     | (4,677,697)                | -                   |
| Administrative assessments       | 538,713                       | (538,713)                  | -                   | 546,202                       | (546,202)                  | -                   |
|                                  | <b>5,187,152</b>              | <b>(5,187,152)</b>         | <b>-</b>            | <b>5,223,899</b>              | <b>(5,223,899)</b>         | <b>-</b>            |
| <b>EXPENSES:</b>                 |                               |                            |                     |                               |                            |                     |
| Ministry activities              | 4,689,561                     | -                          | 4,689,561           | 4,612,532                     | -                          | 4,612,532           |
| Supporting activities:           |                               |                            |                     |                               |                            |                     |
| General and administrative       | 436,888                       | -                          | 436,888             | 445,522                       | -                          | 445,522             |
| Fund-raising                     | 235,120                       | -                          | 235,120             | 238,297                       | -                          | 238,297             |
|                                  | <b>672,008</b>                | <b>-</b>                   | <b>672,008</b>      | <b>683,819</b>                | <b>-</b>                   | <b>683,819</b>      |
| <b>Total Expenses</b>            | <b>5,361,569</b>              | <b>-</b>                   | <b>5,361,569</b>    | <b>5,296,351</b>              | <b>-</b>                   | <b>5,296,351</b>    |
| Change in Net Assets             | 109,955                       | 574,291                    | 684,246             | 32,741                        | (226,978)                  | (194,237)           |
| Net Assets, Beginning of Year    | 531,947                       | 793,500                    | 1,325,447           | 499,206                       | 1,020,478                  | 1,519,684           |
| Net Assets, End of Year          | <b>\$ 641,902</b>             | <b>\$ 1,367,791</b>        | <b>\$ 2,009,693</b> | <b>\$ 531,947</b>             | <b>\$ 793,500</b>          | <b>\$ 1,325,447</b> |

See notes to financial statements

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Statements of Cash Flows**

|  | Year Ended December 31, |              |
|--|-------------------------|--------------|
|  | 2019                    | 2018         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                         |              |
| Change in net assets   | \$ 684,246              | \$ (194,237) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                         |              |
| Depreciation expense   | 1,657                   | 1,730        |
| Realized and unrealized (gain) loss on investments   | (68,948)                | 19,544       |
| Reinvested interest and dividends  | (31,119)                | (18,738)     |
| Loss on disposal of fixed assets   | -                       | 683          |
| Change in operating assets and liabilities:  |                         |              |
| Grants receivable  | -                       | 80,000       |
| Prepaid expenses and other assets  | -                       | 239          |
| Accounts payable   | (540)                   | (5,217)      |
| Contribution payable to affiliated organization  | 114,309                 | 431,185      |
| Change in funds held for affiliated organization   | (90,471)                | (505,014)    |
| Net Cash Provided by Operating Activities  | 609,134                 | (189,825)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                         |              |
| Purchases of investments   | (561,290)               | (550,482)    |
| Proceeds from sale of investments  | 269,216                 | 131,099      |
| Net Cash Used by Investing Activities  | (292,074)               | (419,383)    |
| Net Change in Cash and Cash Equivalents  | 317,060                 | (609,208)    |
| Cash and Cash Equivalents, Beginning of Year   | 1,369,209               | 1,978,417    |
| Cash and Cash Equivalents, End of Year   | \$ 1,686,269            | \$ 1,369,209 |

See notes to financial statements

# INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### 1. NATURE OF ORGANIZATION:

International Fellowship of Evangelical Students/USA, Inc. (IFES/USA) exists to build students into communities of disciples, which are transformed by the Gospel. IFES/USA seeks to impact the university, the church, and society for the glory of Christ, introducing students to the Gospel of Christ, while engaging the broader higher education community in dialogue about the relevance of the Gospel message and the Christian life as a whole. IFES/USA also exists to support, encourage, and facilitate the spread and growth of the Christian faith throughout the world and to support other organizations, projects, and initiatives that are organized and operated for similar purposes. This includes granting funds to foreign organizations, projects and institutions with purposes similar to those of the IFES/USA for specific projects in furtherance of IFES/USA's Christian religious tax-exempt purposes.

IFES/USA works closely with a number of affiliated organizations, including InterVarsity Christian Fellowship/USA (InterVarsity), Union Internationale des Groupe Bibliques (IFES Switzerland), and International Fellowship of Evangelical Students, a UK charity (IFES/UK). These organizations are legally separate from IFES/USA, and each organization is governed by independent boards of directors. Therefore, the assets, liabilities, net assets, and results of their activities have not been included in this report.

IFES/USA is a nonprofit organization incorporated in the state of Wisconsin and is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law(s). However, IFES/USA is subject to federal income tax on any unrelated business taxable income. In addition IFES/USA is not classified as a private foundation under Section 509(a) of the Code.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

IFES/USA maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and interest-bearing money market accounts. IFES/USA maintains its cash in bank and other deposit accounts at high credit quality financial institutions. As of December 31, 2019 and 2018, cash balances on deposit exceeded federally insured limits by approximately \$868,000 and \$768,000, respectively. IFES/USA has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash and cash equivalents.



# INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

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

#### INVESTMENTS

Investments consist of mutual funds and certificates of deposit with an original maturity date greater than ninety days. Mutual funds are recorded at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Measurements topic of the FASB Codification. Certificates of deposits are recorded at cost plus accrued interest. Gains and losses are reported within investment income (loss) on the statements of activities. Investment return is reported net of external and direct internal expenses.

#### PROPERTY AND EQUIPMENT

Items capitalized as property and equipment are capitalized at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives, which range from three to five years of the related assets. IFES/USA capitalizes fixed asset purchases exceeding \$2,500 with lesser amounts expensed in the year purchased.

#### CONTRIBUTION PAYABLE TO AFFILIATED ORGANIZATION

Each year, the governing board of IFES/USA approves grants to IFES/UK, contingent that funds are available. The contribution payable to affiliated organization represents donations received in December designated for projects which IFES/UK administrates, as the board has already pre-approved the grant. Subsequent to year end the contribution payable was paid in full.

#### FUNDS HELD FOR AFFILIATED ORGANIZATION

During the year ended December 31, 2019 and 2018, IFES/USA agreed to hold and invest funds on behalf of IFES/UK.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* include resources that are available for current operations under direction of the board or resources invested in property and equipment.

*Net assets with donor restrictions* are comprised of donor-restricted contributions for specific operating purposes, support of projects and worldwide ministry training, or are time-restricted.

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Notes to Financial Statements**

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**SUPPORT AND REVENUE**

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported with a donor restriction if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

**ADMINISTRATIVE ASSESSMENTS**

In an effort to cover overhead costs, IFES/USA charges an administrative assessment of 10% for specific designations, and 25% for gifts for broader ministry activity.

**RECENTLY ADOPTED ACCOUNTING STANDARD**

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. IFES/USA adopted the provisions of this new standard during the year ended December 31, 2019. Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

3. INVESTMENTS:

Investments consist of:

|                         | December 31,        |                     |
|-------------------------|---------------------|---------------------|
|                         | 2019                | 2018                |
| Certificates of deposit | \$ 1,362,359        | \$ 1,064,597        |
| Mutual funds            | 520,950             | 426,571             |
|                         | <u>\$ 1,883,309</u> | <u>\$ 1,491,168</u> |

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Notes to Financial Statements**

December 31, 2019 and 2018

3. INVESTMENTS, continued:

Investment income (loss)—net consists of:

|  | Year Ended December 31, |            |
|--|-------------------------|------------|
|  | 2019                    | 2018       |
| Interest and dividends                     | \$ 31,119               | \$ 18,738  |
| Net realized and unrealized gains (losses) | 68,948                  | (19,544)   |
|  | 100,067                 | (806)      |
| Less external and direct internal expenses | (245)                   | (450)      |
|  | \$ 99,822               | \$ (1,256) |

4. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the IFES/USA's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside funds. IFES/USA's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

|  | December 31, |              |
|--|--------------|--------------|
|  | 2019         | 2018         |
| Financial assets, at year-end:   |              |              |
| Cash and cash equivalents  | \$ 1,686,269 | \$ 1,369,209 |
| Investments  | 1,883,309    | 1,491,168    |
|  | 3,569,578    | 2,860,377    |
| Less those unavailable for general expenditure within one year, due to:    |              |              |
| Cash and other financial assets held for affiliate                         | (410,338)    | (500,809)    |
| Net assets with donor time-restricted for greater than one year            | (189,533)    | -            |
| Net assets with donor restrictions not expected to be used within one year | (1,041,112)  | -            |
|  | \$ 1,928,595 | \$ 2,359,568 |

IFES/USA's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Notes to Financial Statements**

December 31, 2019 and 2018

5. PROPERTY AND EQUIPMENT-NET:

Property and equipment-net, consist of:

|                               | December 31, |           |
|-------------------------------|--------------|-----------|
|                               | 2019         | 2018      |
| Leasehold improvements        | \$ 10,000    | \$ 10,000 |
| Equipment                     | 8,280        | 8,280     |
|                               | 18,280       | 18,280    |
| Less accumulated depreciation | (14,917)     | (13,260)  |
|                               | \$ 3,363     | \$ 5,020  |

6. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program services and supporting activities of IFES/USA have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, travel and meetings, publications and events, office supplies and other expenses. Salaries and benefits are allocated based on average estimates of time and effort by employees. Travel and meetings, publications and events, office supplies and other expenses are allocated based on estimates of department time and costs utilized. The following tables present the functional allocation of expenses for the years ended December 31, 2019 and 2018.

|                         | For the year ended December 31, 2019 |                               |              |              |
|-------------------------|--------------------------------------|-------------------------------|--------------|--------------|
|                         | Program<br>Services                  | General and<br>Administrative | Fund-raising | Total        |
| Grants                  | \$ 4,565,400                         | \$ -                          | \$ -         | \$ 4,565,400 |
| Salaries and benefits   | 61,379                               | 327,620                       | 194,046      | 583,045      |
| Travel and meetings     | 11,645                               | 12,226                        | 23,087       | 46,958       |
| Publications and events | 26,215                               | 5,847                         | 13,424       | 45,486       |
| Professional services   | 20,930                               | 15,919                        | 365          | 37,214       |
| Office and other        | 3,992                                | 75,276                        | 4,198        | 83,466       |
|                         | \$ 4,689,561                         | \$ 436,888                    | \$ 235,120   | \$ 5,361,569 |

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Notes to Financial Statements**

December 31, 2019 and 2018

7. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

|                         | For the year ended December 31, 2018 |                               |              |              |
|-------------------------|--------------------------------------|-------------------------------|--------------|--------------|
|                         | Program<br>Services                  | General and<br>Administrative | Fund-raising | Total        |
| Grants                  | \$ 4,426,641                         | \$ -                          | \$ -         | \$ 4,426,641 |
| Salaries and benefits   | 57,756                               | 298,038                       | 189,432      | 545,226      |
| Travel and meetings     | 32,504                               | 25,915                        | 23,613       | 82,032       |
| Publications and events | 32,351                               | 22,504                        | 20,556       | 75,411       |
| Professional services   | 60,515                               | 20,501                        | 273          | 81,289       |
| Office and other        | 2,765                                | 78,564                        | 4,423        | 85,752       |
|                         | \$ 4,612,532                         | \$ 445,522                    | \$ 238,297   | \$ 5,296,351 |

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

|   | December 31, |            |
|---|--------------|------------|
|   | 2019         | 2018       |
| Worldwide ministry training and training events | \$ 1,074,648 | \$ 711,207 |
| Time restricted                                 | 213,225      | -          |
| Projects  | 79,918       | 82,293     |
|   | \$ 1,367,791 | \$ 793,500 |

**INTERNATIONAL FELLOWSHIP  
OF EVANGELICAL STUDENTS/USA, INC.**

**Notes to Financial Statements**

December 31, 2019 and 2018

9. FAIR VALUE MEASUREMENTS:

IFES/USA uses appropriate valuation techniques to determine fair value based on inputs available. All investments held at fair value as of December 31, 2019 and 2018 were measured using Level 1 inputs. The following table displays the fair values of assets measured on a recurring basis:

|  | December 31, |              |
|--|--------------|--------------|
|  | 2019         | 2018         |
| Investments held at fair value:            |              |              |
| Mutual funds:                              |              |              |
| Blended funds                              | \$ 245,941   | \$ 223,367   |
| Fixed income funds                         | 275,009      | 203,204      |
|  | 520,950      | 426,571      |
| Investments held at other than fair value: |              |              |
| Certificates of deposit                    | 1,362,359    | 1,064,597    |
| Total investments                          | \$ 1,883,309 | \$ 1,491,168 |

10. SUPPORT AND REVENUE CONCENTRATION:

During the year ended December 31, 2019, IFES/USA received gifts from its top five donors that totaled approximately 47% of total support and revenue. During the year ended December 31, 2018, IFES/USA received gifts from its top three donors that totaled approximately 41% of total support and revenue.

11. RETIREMENT PLAN:

IFES/USA sponsors a 403(b) defined contribution plan for all employees. IFES/USA provides a direct contribution of 5% as well as a matching contribution of up to 5% of eligible salary for all employees who are over the age of 21 and have worked at least six months. Total employer contributions for the years ended December 31, 2019 and 2018 were \$46,836 and \$41,867, respectively.

# INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

## Notes to Financial Statements

December 31, 2019 and 2018

### 12. AFFILIATE AGREEMENT:

During the years ended December 31, 2019 and 2018, the following financial activity occurred between IFES/USA and IFES/UK:

- IFES/USA granted IFES/UK \$4,565,400 and \$4,426,640, respectively.
- IFES/USA reimbursed IFES/UK \$116,091 and \$112,824, for costs IFES/UK incurred on IFES/USA's behalf, respectively.
- IFES/UK reimbursed IFES/USA \$36,718 and \$16,583, for costs IFES/USA incurred on IFES/UK's behalf, respectively.
- IFES/USA has recorded a \$1,147,249 and \$1,032,940 contribution payable to IFES/UK. See Note 2 for more information.
- IFES/USA is holding \$410,338 and \$500,809 on IFES/UK's behalf, respectively. See Note 2 for more information.

### 13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 13, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.