



YOUNG LIFE AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

September 30, 2014 and 2013

YOUNG LIFE AND SUBSIDIARIES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities-Year Ended September 30, 2014	4
Consolidated Statement of Activities-Year Ended September 30, 2013	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Information	
Independent Auditors' Report on Supplemental Information	24
Consolidating Statement of Financial Position	25
Consolidating Statement of Activities	26
Consolidated Schedule of Functional Expenses	27

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, 2014 and 2013, 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 financial position of Young Life and Subsidiaries as of September 30, 2014 and 2013, 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 Crouse LLP

Colorado Springs, Colorado
November 11, 2014

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Financial Position September 30, 2014 and 2013

	2014	2013
ASSETS:		
Cash and cash equivalents	\$ 51,464,418	\$ 31,726,889
Investments	95,127,349	79,800,133
Accounts and other receivables	1,409,392	2,782,678
Pledges receivable, net	10,460,523	6,992,363
Inventory	1,414,085	1,430,017
Prepaid expenses and other assets	1,902,700	1,740,304
Assets held for sale	836,205	589,012
Land, buildings, and equipment, net	212,541,962	215,135,665
Assets held for endowment fund	2,293,522	2,185,124
	\$ 377,450,156	\$ 342,382,185
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 18,998,372	\$ 15,528,616
Notes payable	2,451,578	2,595,960
Custodial, trust, and annuity obligations	326,283	490,916
	21,776,233	18,615,492
Net assets:		
Unrestricted:		
Operating	104,585,381	85,345,181
Donor advised funds	3,213,745	1,626,769
Cumulative foreign currency translation adjustment	3,580,004	2,598,108
Equity in land, buildings, and equipment	210,447,788	212,915,505
	321,826,918	302,485,563
Temporarily restricted	32,181,178	19,615,303
Permanently restricted	1,665,827	1,665,827
	355,673,923	323,766,693
	\$ 377,450,156	\$ 342,382,185
Total Liabilities and Net Assets	\$ 377,450,156	\$ 342,382,185

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions-operating	\$ 187,405,444	\$ 19,011,624	\$ -	\$ 206,417,068
Contributions restricted for capital purchases	-	22,817,576	-	22,817,576
Program services revenue	66,227,487	-	-	66,227,487
Investment and endowment income	4,637,661	587,842	-	5,225,503
Change in value of split-interest agreements	87,189	50,175	-	137,364
Sales income	7,043,426	-	-	7,043,426
Other income	3,289,232	-	-	3,289,232
Total Support and Revenue	268,690,439	42,467,217	-	311,157,656
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	29,901,342	(29,901,342)	-	-
EXPENSES:				
Program services:				
Club ministries	168,253,449	-	-	168,253,449
Camping operations	70,261,937	-	-	70,261,937
Young Life Foundation	388,510	-	-	388,510
	<u>238,903,896</u>	<u>-</u>	<u>-</u>	<u>238,903,896</u>
Supporting activities:				
Management and general	20,929,607	-	-	20,929,607
Fundraising	18,435,027	-	-	18,435,027
	<u>39,364,634</u>	<u>-</u>	<u>-</u>	<u>39,364,634</u>
Total Expenses	278,268,530	-	-	278,268,530
Change in Net Assets Before Foreign				
Currency Translation	20,323,251	12,565,875	-	32,889,126
Foreign currency translation adjustments	(981,896)	-	-	(981,896)
Change in Net Assets	19,341,355	12,565,875	-	31,907,230
Net Assets, Beginning of Year	302,485,563	19,615,303	1,665,827	323,766,693
Net Assets, End of Year	\$ 321,826,918	\$ 32,181,178	\$ 1,665,827	\$ 355,673,923

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions-operating	\$ 173,592,686	\$ 18,213,474	\$ -	\$ 191,806,160
Contributions restricted for capital purchases	-	11,088,089	-	11,088,089
Program services revenue	61,910,884	-	-	61,910,884
Investment and endowment income	1,679,760	366,081	-	2,045,841
Change in value of split-interest agreements	(123,481)	(1,543)	-	(125,024)
Sales income	5,972,159	-	-	5,972,159
Other income	3,388,343	-	-	3,388,343
Total Support and Revenue	246,420,351	29,666,101	-	276,086,452
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	27,994,456	(27,994,456)	-	-
EXPENSES:				
Program services:				
Club ministries	155,932,600	-	-	155,932,600
Camping operations	64,111,856	-	-	64,111,856
Young Life Foundation	377,091	-	-	377,091
	<u>220,421,547</u>	<u>-</u>	<u>-</u>	<u>220,421,547</u>
Supporting activities:				
Management and general	19,359,650	-	-	19,359,650
Fundraising	17,656,579	-	-	17,656,579
	<u>37,016,229</u>	<u>-</u>	<u>-</u>	<u>37,016,229</u>
Total Expenses	257,437,776	-	-	257,437,776
Change in Net Assets Before Foreign				
Currency Translation	16,977,031	1,671,645	-	18,648,676
Foreign currency translation adjustments	(691,382)	-	-	(691,382)
Change in Net Assets	16,285,649	1,671,645	-	17,957,294
Net Assets, Beginning of Year	286,199,914	17,943,658	1,665,827	305,809,399
Net Assets, End of Year	\$ 302,485,563	\$ 19,615,303	\$ 1,665,827	\$ 323,766,693

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Cash Flows Years Ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,907,230	\$ 17,957,294
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	18,132,376	16,406,438
Bad debt expense	1,251,060	106,304
Loss on disposal of land, buildings, and equipment	51,013	95,329
(Gain) loss on disposal of assets held for sale	(671,421)	14,616
Realized and unrealized gains on investments	(3,865,541)	(2,074,787)
(Gain) loss on investment in captive insurance companies	(273,106)	685,485
Change in value of split-interest agreements	(137,364)	125,024
Capitalized and held for sale in-kind contributions	(896,761)	(166,152)
Foreign currency translation	981,896	691,382
Contributions received restricted for acquisition of long-lived assets	(17,639,000)	(11,797,519)
Changes in operating assets and liabilities:		
Accounts and other receivables	809,617	(1,037,062)
Pledges receivable	(4,155,551)	1,119,195
Inventory	15,932	(211,740)
Prepaid expenses and other assets	(162,396)	(1,987)
Accounts payable and accrued liabilities	2,144,670	(1,738,480)
Custodial, trust, and annuity obligations	(164,633)	7,089
Net Cash Provided by Operating Activities	27,328,021	20,180,429
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(52,395,050)	(40,165,782)
Proceeds from sales of investments	41,341,738	31,959,210
Purchases of land, buildings, and equipment	(14,894,145)	(18,794,778)
Proceeds from sales of land, buildings, and equipment	150,315	324,226
Proceeds from sales of assets held for sale	920,836	166,511
Net Cash Used by Investing Activities	(24,876,306)	(26,510,613)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(144,382)	(135,731)
Reinvested dividends of assets held for endowment fund	(39,738)	(30,439)
Gain on assets held for endowment fund	(197,228)	(155,923)
Distributions of assets held for endowment fund	128,568	133,485
Proceeds from contributions for acquisition of long-lived assets	17,639,000	11,797,519
Net Cash Provided by Financing Activities	17,386,220	11,608,911
Effect of Exchange Rate Changes on Cash	(100,406)	(161,733)
Net Change in Cash and Cash Equivalents	19,737,529	5,116,994
Cash and Cash Equivalents, Beginning of Year	31,726,889	26,609,895
Cash and Cash Equivalents, End of Year	\$ 51,464,418	\$ 31,726,889
SUPPLEMENTAL DISCLOSURES:		
Fixed assets acquired with accounts payable	\$ 1,325,086	\$ 406,907
Cash paid for interest (none capitalized)	\$ 139,462	\$ 164,718

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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 1.7 million kids in the U.S. and around the world. These segments are: U.S. Field Operations, International Field Operations, Camping Operations, and Mission Services. Field Operations carries on its primary ministry with middle school to college age kids in the U.S. and in over 90 countries around the globe. Young Life field staff reach out to all kids and have special ministries designed to serve teen moms, kids with disabilities, as well as kids living in urban or rural areas. Camping Operations owns and operates 27 world class camping facilities and runs 8 more seasonal camping opportunities through affiliate camp relationships. Mission Services is based in Colorado Springs, Colorado and provides centralized services in support of the overall ministry.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements for the years ended September 30, 2014 and 2013, 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, 2014 and 2013

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, 2014 and 2013. 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 mortgage notes receivable, 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. Mortgage notes receivable 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, 2014 and 2013

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, 2014 and 2013

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, no deficiencies of this nature have been reported in unrestricted net assets as of September 30, 2014 and 2013.

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, 2014 and 2013

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 property 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, 2014 and 2013

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. Contributed services for the years ended September 30, 2014 and 2013, were \$0 and \$385,000, respectively. 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, 2014, 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, 2014 and 2013

3. INVESTMENTS AND ASSETS HELD FOR ENDOWMENT FUND:

Investments and assets held for endowment fund consist of:

	September 30, 2014			September 30, 2013		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Money market mutual funds	\$ 110,863	\$ 4,269,714	\$ 4,380,577	\$ 129,229	\$ 7,614,654	\$ 7,743,883
Equity securities	96,801	38,000,959	38,097,760	46,052	25,341,203	25,387,255
Fixed income securities	27,257,797	11,197,271	38,455,068	27,535,510	6,840,982	34,376,492
Land and land interests	-	833,997	833,997	-	840,659	840,659
Captive insurance arrangements	6,929,175	-	6,929,175	6,906,069	-	6,906,069
Alternative investments	45,270	7,923,920	7,969,190	1,140,844	4,755,231	5,896,075
Mortgage notes receivable	24,482	-	24,482	100,869	-	100,869
Other	10,000	720,622	730,622	10,000	723,955	733,955
	<u>34,474,388</u>	<u>62,946,483</u>	<u>97,420,871</u>	<u>35,868,573</u>	<u>46,116,684</u>	<u>81,985,257</u>
Less: Assets held for endowment fund	-	(2,293,522)	(2,293,522)	-	(2,185,124)	(2,185,124)
Total investments	<u><u>\$34,474,388</u></u>	<u><u>\$60,652,961</u></u>	<u><u>\$95,127,349</u></u>	<u><u>\$35,868,573</u></u>	<u><u>\$43,931,560</u></u>	<u><u>\$79,800,133</u></u>

Investment and endowment income consists of:

	Year Ended September 30, 2014			Year Ended September 30, 2013		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Interest and dividends	\$ 74,085	\$ 815,543	\$ 889,628	\$ 92,103	\$ 408,513	\$ 500,616
Gain (loss) on investment in captive insurance companies	273,106	-	273,106	(685,485)	-	(685,485)
Net realized and unrealized gain (loss)	(7,485)	4,070,254	4,062,769	(49,444)	2,280,154	2,230,710
	<u><u>\$ 339,706</u></u>	<u><u>\$ 4,885,797</u></u>	<u><u>\$ 5,225,503</u></u>	<u><u>\$ (642,826)</u></u>	<u><u>\$ 2,688,667</u></u>	<u><u>\$ 2,045,841</u></u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

4. PLEDGES RECEIVABLE, NET:

Pledges receivable, net consist of:

	2014	2013
Capital purchases at various camps	\$ 8,505,576	\$ 3,551,650
Field ministries	2,386,980	3,697,332
	10,892,556	7,248,982
Less: Allowance for uncollectible pledges	(354,518)	(236,777)
Less: Present value discount	(77,515)	(19,842)
	\$ 10,460,523	\$ 6,992,363

At September 30, 2014, pledges receivable are expected to mature as follows:

Due in less than one year	\$ 6,381,966
Due in one to five years	4,078,557
	\$ 10,460,523

5. LAND, BUILDINGS, AND EQUIPMENT, NET:

Land, buildings, and equipment, net consist of:

	2014	2013
Land	\$ 22,710,699	\$ 22,542,785
Buildings and improvements	307,542,022	299,539,360
Furniture and equipment	44,210,563	41,310,816
Marine equipment	2,932,739	2,989,191
Vehicles and other	6,693,095	6,273,943
	384,089,118	372,656,095
Accumulated depreciation	(177,287,590)	(161,468,135)
	206,801,528	211,187,960
Construction in progress	5,740,434	3,947,705
	\$ 212,541,962	\$ 215,135,665

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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

Equity in land, buildings, and equipment consists of:

	2014	2013
Land, buildings, and equipment, net	\$ 212,541,962	\$ 215,135,665
Less: related note payable	(2,094,174)	(2,220,160)
	\$ 210,447,788	\$ 212,915,505

6. NOTES PAYABLE:

Notes payable consists of:

	2014	2013
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.	\$ 2,094,174	\$ 2,220,160
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.	357,404	375,800
	\$ 2,451,578	\$ 2,595,960

Future minimum payments under notes payable are:

<u>Year Ending September 30,</u>	
2015	\$ 153,592
2016	163,051
2017	173,813
2018	184,923
2019	196,751
Thereafter	1,579,448
	\$ 2,451,578

Young Life was in compliance with all financial and reporting covenants at September 30, 2014 and 2013.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

7. LINE OF CREDIT:

Young Life had a \$10,000,000 revolving line of credit with a financial institution expiring March 1, 2014. During the year ended September 30, 2014, Young Life renewed the unsecured line of credit, which now expires April 1, 2015. Interest is variable (5% at September 30, 2014), and is payable monthly on outstanding balances. During the years ended September 30, 2014 and 2013, Young Life did not have any draws on the line of credit.

8. MEDICAL CLAIMS RESERVE:

Young Life has a self-insured employee group medical plan. Insurance policies in force at September 30, 2014 and 2013, limit Young Life's liability to \$275,000 per individual. 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 \$3,090,537 and \$2,971,250 as of September 30, 2014 and 2013, 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 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 \$4,233,573 and \$4,208,825 as of September 30, 2014 and 2013, respectively, and is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	<u>2014</u>	<u>2013</u>
Capital improvements	\$ 22,367,442	\$ 10,087,753
Campership	6,773,677	4,602,727
Club ministries	2,527,295	4,447,252
Trust agreement	424,322	374,379
Training	88,442	103,192
	<u>\$ 32,181,178</u>	<u>\$ 19,615,303</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

11. ASSETS HELD FOR ENDOWMENT FUND:

Net assets held for endowment fund are as follows:

	2014	2013
Unrestricted	\$ 146,707	\$ 70,254
Temporarily restricted	480,988	449,043
Permanently restricted	1,665,827	1,665,827
	\$ 2,293,522	\$ 2,185,124

Changes in assets held for endowment fund for the year ended September 30, 2014, consist of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 70,254	\$ 449,043	\$ 1,665,827	\$ 2,185,124
Dividend and interest income	25,030	14,708	-	39,738
Net realized and unrealized gains	114,654	82,574	-	197,228
Distributions	(63,231)	(65,337)	-	(128,568)
Endowment net assets, end of year	\$ 146,707	\$ 480,988	\$ 1,665,827	\$ 2,293,522

Changes in assets held for endowment fund for the year ended September 30, 2013, consist of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 25,891	\$ 440,529	\$ 1,665,827	\$ 2,132,247
Dividend and interest income	17,525	12,914	-	30,439
Net realized and unrealized gains	89,301	66,622	-	155,923
Distributions	(62,463)	(71,022)	-	(133,485)
Endowment net assets, end of year	\$ 70,254	\$ 449,043	\$ 1,665,827	\$ 2,185,124

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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, 2014 and 2013. The following table displays the fair values of assets measured on a recurring basis at September 30, 2014 and 2013:

	September 30, 2014	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	\$ 4,380,577	\$ 4,380,577	\$ -
Equity securities			
Small-cap mutual funds	7,299	7,299	-
Mid-cap mutual funds	4,777,468	4,777,468	-
Large-cap mutual funds	16,750,511	16,750,511	-
International mutual funds	9,912,483	9,912,483	-
Alt. strategy mutual funds	2,287,926	2,287,926	-
Domestic common stock	4,362,073	4,362,073	-
Fixed income securities			
U.S. treasury notes and government securities	27,379,105	27,379,105	-
Corporate bonds and notes	10,035,846	7,927,112	2,108,734
Fixed income mutual funds	1,040,117	1,040,117	-
Land and land interests	833,997	-	833,997
Alternative investments			
MLP funds (a)	3,798,704	-	3,798,704
Multi-strategy hedge funds (b)	3,693,749	-	3,693,749
Equity long/short hedge funds (c)	476,737	-	476,737
Other	730,622	-	730,622
	<u>90,467,214</u>	<u>\$ 78,824,671</u>	<u>\$ 11,642,543</u>
Investments held at other than fair value:			
Captive insurance arrangements	6,929,175		
Mortgage notes receivable	24,482		
	<u>97,420,871</u>		
Less: Assets held for endowment fund	<u>(2,293,522)</u>		
Total Investments	<u>\$ 95,127,349</u>		

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

12. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2013	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 funds	\$ 7,743,883	\$ 7,743,883	\$ -
Equity securities			
Small-cap mutual funds	540,194	540,194	-
Mid-cap mutual funds	2,797,931	2,797,931	-
Large-cap mutual funds	10,791,290	10,791,290	-
International mutual funds	6,122,695	6,122,695	-
Alt. strategy mutual funds	2,655,473	2,655,473	-
Domestic common stock	2,479,672	2,479,672	-
Fixed income securities			
U.S. treasury notes and government securities	25,982,512	25,982,512	-
Corporate bonds and notes	5,670,424	3,316,690	2,353,734
Fixed income mutual funds	2,723,556	2,723,556	-
Land and land interests	840,659	-	840,659
Alternative investments			
MLP funds (a)	1,960,093	-	1,960,093
Multi-strategy hedge funds (b)	2,395,138	-	2,395,138
Equity long/short hedge funds (c)	1,540,844	-	1,540,844
Other	733,955	-	733,955
	<u>74,978,319</u>	<u>\$ 65,153,896</u>	<u>\$ 9,824,423</u>
Investments held at other than fair value:			
Captive insurance arrangements	6,906,069		
Mortgage notes receivable	100,869		
	<u>81,985,257</u>		
Less: Assets held for endowment fund	<u>(2,185,124)</u>		
Total Investments	<u>\$ 79,800,133</u>		

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

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. The fair values of alternative investments are derived from the net asset value per share of the invested funds.

Change in valuation techniques: None.

Young Life uses the Net Asset Value (NAV) 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, 2014 and 2013, alternative investments consist of the following:

- (a) 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) 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) This category includes investments in two hedge funds that take both long and short positions, primarily in U.S. common stocks. The fund manager has the ability to shift investments among differing investment strategies. Redemption of these investments is permitted up to 25% of net asset value on a quarterly basis with a 100-day notice period, or up to 100% of net asset value on the last day of the year with a 100-day notice period.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

12. 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, accounts, and other receivables, accounts payable, accrued expenses, and other current obligations approximate fair value due to the short-term maturity of these instruments. The fair value of mortgage notes receivable approximates carrying value.

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.

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, 2014 and 2013, were \$6,299,413 and \$5,911,855, respectively. Young Life's policy is to fund pension costs accrued.

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, 2014 and 2013, were \$2,854,107 and \$2,516,617, respectively.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

14. 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 provides 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 pays the first \$250,000 of any claim, SRL pays the next \$750,000 and the next \$1,000,000 is reinsured with a primary insurance carrier. 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. IRS captive insures individual medical claims in excess of \$275,000 up to \$2,000,000 in a calendar year.

Included within investments is \$6,929,175 and \$6,906,069, which represents Young Life's investment in captive insurance as of September 30, 2014 and 2013, respectively. Investment balances are measured as of July 31 (SIL) and June 30 (IRS), 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 \$3,296,361 and \$2,411,991, in premiums to the captives during the years ended September 30, 2014 and 2013, respectively.

15. CONDITIONAL GIFTS:

Young Life has received conditional promises to give that have not been recognized in the consolidated financial statements because the gifts are conditional upon Young Life receiving matching funds or the balance of funds to complete projects. Conditional promises to give were \$2,635,000 and \$1,505,000, as of September 30, 2014 and 2013, respectively.

16. LEASE COMMITMENTS:

Young Life has several noncancellable operating leases which expire in various years through the year ending September 30, 2019. Lease expense for the years ended September 30, 2014 and 2013, was \$3,496,780 and \$2,202,773, respectively. Future minimum lease payments are:

<u>Year Ending September 30,</u>	
2015	\$ 1,302,377
2016	376,495
2017	168,745
2018	121,903
2019	32,403
	<hr/>
	\$ 2,001,923
	<hr/> <hr/>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2014 and 2013

17. COMMITMENTS:

As of September 30, 2014, Young Life was contractually obligated for various projects and events. Outstanding commitments related to these projects as of September 30, 2014 were approximately \$6.2 million and are expected to be paid during the years ending September 30, 2015 and 2016.

18. 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.

19. SUBSEQUENT EVENTS:

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, 2014 and 2013, and our report thereon dated November 11, 2014, 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 11, 2014

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Financial Position September 30, 2014

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	Total
	Domestic	Foreign	Camping	Field					
ASSETS:									
Cash and cash equivalents	\$ 49,993,403	\$ -	\$ 936,914	\$ 517,297	\$ -	\$ 16,804	\$ 51,464,418	\$ -	\$ 51,464,418
Investments	35,231,542	-	25,358	-	60,652,961	-	95,909,861	(782,512)	95,127,349
Accounts and other receivables	1,218,100	14,258	112,858	45,676	24,651	18,500	1,434,043	(24,651)	1,409,392
Pledges receivable, net	-	-	-	-	10,460,523	-	10,460,523	-	10,460,523
Inventory	1,311,180	-	80,627	-	-	22,278	1,414,085	-	1,414,085
Prepaid expenses and other assets	1,840,869	27,297	26,891	7,643	-	-	1,902,700	-	1,902,700
Assets held for sale	396,205	-	-	-	440,000	-	836,205	-	836,205
Land, buildings, and equipment, net	199,354,497	188,423	12,873,931	125,111	-	-	212,541,962	-	212,541,962
Assets held for endowment fund	-	-	-	-	2,293,522	-	2,293,522	-	2,293,522
Intercompany receivables	(7,816,090)	8,630,436	(93,427)	1,649	(588,620)	(133,948)	-	-	-
Total Assets	\$281,529,706	\$ 8,860,414	\$ 13,963,152	\$ 697,376	\$ 73,283,037	\$ (76,366)	\$378,257,319	\$ (807,163)	\$377,450,156
LIABILITIES AND NET ASSETS:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 22,344,326	\$ 557,953	\$ 199,290	\$ 96,341	\$ -	\$ 1,262	\$ 23,199,172	(4,200,800)	\$ 18,998,372
Notes payable	2,094,174	-	-	-	357,404	-	2,451,578	-	2,451,578
Custodial, trust, and annuity obligations	64,926	-	-	-	286,008	-	350,934	(24,651)	326,283
	<u>24,503,426</u>	<u>557,953</u>	<u>199,290</u>	<u>96,341</u>	<u>643,412</u>	<u>1,262</u>	<u>26,001,684</u>	<u>(4,225,451)</u>	<u>21,776,233</u>
Net assets:									
Unrestricted:									
Operating	44,458,081	8,103,771	(2,884,996)	457,862	51,110,003	(77,628)	101,167,093	3,418,288	104,585,381
Donor advised funds	-	-	-	-	3,213,745	-	3,213,745	-	3,213,745
Cumulative foreign currency translation adjustment	-	-	3,561,942	18,062	-	-	3,580,004	-	3,580,004
Equity in land, buildings, and equipment	197,260,323	188,423	12,873,931	125,111	-	-	210,447,788	-	210,447,788
	<u>241,718,404</u>	<u>8,292,194</u>	<u>13,550,877</u>	<u>601,035</u>	<u>54,323,748</u>	<u>(77,628)</u>	<u>318,408,630</u>	<u>3,418,288</u>	<u>321,826,918</u>
Temporarily restricted	15,307,876	10,267	212,985	-	16,650,050	-	32,181,178	-	32,181,178
Permanently restricted	-	-	-	-	1,665,827	-	1,665,827	-	1,665,827
	<u>257,026,280</u>	<u>8,302,461</u>	<u>13,763,862</u>	<u>601,035</u>	<u>72,639,625</u>	<u>(77,628)</u>	<u>352,255,635</u>	<u>3,418,288</u>	<u>355,673,923</u>
Total Liabilities and Net Assets	\$281,529,706	\$ 8,860,414	\$ 13,963,152	\$ 697,376	\$ 73,283,037	\$ (76,366)	\$378,257,319	\$ (807,163)	\$377,450,156

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Activities Year Ended September 30, 2014

	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	\$ 177,255,686	\$ 21,133,931	\$ 524,018	\$ 642,314	\$ 6,925,619	\$ -	\$ 206,481,568	\$ (64,500)	\$ 206,417,068
Contributions restricted for capital purchases	14,232,540	2,600	500	-	8,581,936	-	22,817,576	-	22,817,576
Intercompany donations	9,741,131	995,517	2,576,979	3,374,127	11,874,113	-	28,561,867	(28,561,867)	-
Program services revenue	63,464,727	1,766,617	864,182	56,891	75,070	-	66,227,487	-	66,227,487
Investment and endowment income	332,694	-	5,951	1,061	4,885,797	-	5,225,503	-	5,225,503
Change in value of split-interest agreements	-	-	-	-	137,364	-	137,364	-	137,364
Sales income	6,616,476	-	409,952	-	-	16,998	7,043,426	-	7,043,426
Other income (loss)	3,142,695	-	57,611	-	(47,885)	136,811	3,289,232	-	3,289,232
Total Support and Revenue	274,785,949	23,898,665	4,439,193	4,074,393	32,432,014	153,809	339,784,023	(28,626,367)	311,157,656
EXPENSES:									
Salaries and employee benefits	155,711,635	9,732,361	1,138,563	938,486	-	936	167,521,981	(10,140,787)	157,381,194
Club and camping activities	39,726,927	2,439,817	409,797	1,923,409	-	1,740	44,501,690	(8,791,477)	35,710,213
Office and property expense	17,248,753	405,651	578,907	390,536	22,900	5,280	18,652,027	(347,841)	18,304,186
Depreciation and amortization	16,873,751	50,753	1,207,872	-	-	-	18,132,376	-	18,132,376
Travel, moving and conference	9,760,292	1,376,184	188,659	228,545	-	2,910	11,556,590	(2,250,000)	9,306,590
Events and materials	10,392,756	273,782	12,258	4,145	-	-	10,682,941	(333,856)	10,349,085
Stores, food and supplies	8,194,879	1,726	656,999	449	-	-	8,854,053	(105,753)	8,748,300
Professional services	6,780,298	64,096	211,516	161,122	151,152	1,778	7,369,962	(1,589,381)	5,780,581
Cost of sales	3,148,282	-	200,435	-	-	59,171	3,407,888	(50,417)	3,357,471
Vehicle expense	2,912,235	96,588	95,020	50,164	-	173	3,154,180	-	3,154,180
Miscellaneous	2,312,087	14,560	24,566	9,761	13,938	87	2,374,999	-	2,374,999
Grants to international affiliates	419,644	5,049,191	-	-	200,520	-	5,669,355	-	5,669,355
Intercompany donations	12,622,465	3,496,842	11,882	-	12,463,496	31,682	28,626,367	(28,626,367)	-
Intercompany charges	1,188,559	697,397	(1,786,933)	(98,930)	(93)	-	-	-	-
Intercompany collections	(21,407,933)	-	3,443	-	-	-	(21,404,490)	21,404,490	-
Total Expenses	265,884,630	23,698,948	2,952,984	3,607,687	12,851,913	103,757	309,099,919	(30,831,389)	278,268,530
Change in Net Assets Before Foreign Currency Translation	8,901,319	199,717	1,486,209	466,706	19,580,101	50,052	30,684,104	2,205,022	32,889,126
Foreign currency translation adjustment	-	-	(961,564)	(20,332)	-	-	(981,896)	-	(981,896)
Change in Net Assets	8,901,319	199,717	524,645	446,374	19,580,101	50,052	29,702,208	2,205,022	31,907,230
Net Assets, Beginning of Year	248,124,961	8,102,744	13,239,217	154,661	53,059,524	(127,680)	322,553,427	1,213,266	323,766,693
Net Assets, End of Year	<u>\$ 257,026,280</u>	<u>\$ 8,302,461</u>	<u>\$ 13,763,862</u>	<u>\$ 601,035</u>	<u>\$ 72,639,625</u>	<u>\$ (77,628)</u>	<u>\$ 352,255,635</u>	<u>\$ 3,418,288</u>	<u>\$ 355,673,923</u>

YOUNG LIFE AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses Year Ended September 30, 2014

	Program Services			Program Services Total	Supporting Activities		Supporting Activities Total	2014 Total Expenses	2013 Total Expenses
	Club Ministries	Camping Operations	Young Life Foundation Operations		Management and General	Fundraising			
Salaries and employee benefits	\$ 109,526,364	\$ 23,640,810	\$ -	\$ 133,167,174	\$ 14,098,731	\$ 10,115,289	\$ 24,214,020	\$ 157,381,194	\$ 147,598,526
Club and camping activities	32,685,197	3,006,157	-	35,691,354	21,618	(2,759)	18,859	35,710,213	31,565,070
Office and property expense	7,015,033	9,589,374	22,900	16,627,307	1,203,296	473,583	1,676,879	18,304,186	16,577,377
Depreciation and amortization	1,199,561	16,563,503	-	17,763,064	300,467	68,845	369,312	18,132,376	16,406,438
Travel, moving and conference	6,872,353	1,199,649	-	8,072,002	698,714	535,874	1,234,588	9,306,590	8,655,165
Events and materials	1,222,824	-	-	1,222,824	2,026,691	7,099,570	9,126,261	10,349,085	9,777,959
Stores, food and supplies	68,604	8,536,988	-	8,605,592	142,708	-	142,708	8,748,300	8,198,465
Professional services	1,563,789	2,823,999	151,152	4,538,940	1,182,689	58,952	1,241,641	5,780,581	5,141,857
Cost of sales	34,727	3,322,744	-	3,357,471	-	-	-	3,357,471	3,002,021
Vehicle expense	2,773,222	224,595	-	2,997,817	94,219	62,144	156,363	3,154,180	2,980,943
Miscellaneous	147,570	1,039,620	13,938	1,201,128	1,152,819	21,052	1,173,871	2,374,999	1,960,824
Grants to international affiliates	5,144,205	314,498	200,520	5,659,223	7,655	2,477	10,132	5,669,355	5,573,131
2014 Total Expenses	\$ 168,253,449	\$ 70,261,937	\$ 388,510	\$ 238,903,896	\$ 20,929,607	\$ 18,435,027	\$ 39,364,634	\$ 278,268,530	\$ 257,437,776
Percent of 2014 Total Expenses	60.5%	25.3%	0.1%	85.9%	7.5%	6.6%	14.1%	100.0%	
2013 Total Expenses	\$ 155,932,600	\$ 64,111,856	\$ 377,091	\$ 220,421,547	\$ 19,359,650	\$ 17,656,579	\$ 37,016,229	\$ 257,437,776	
Percent of 2013 Total Expenses	60.6%	24.9%	0.1%	85.6%	7.5%	6.9%	14.4%	100.0%	