



YOUNG LIFE AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2018 and 2017

YOUNG LIFE AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Young Life and Subsidiaries
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Young Life and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, 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 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, 2018 and 2017, 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 7, 2018

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Financial Position September 30, 2018 and 2017

	2018	2017
ASSETS:		
Cash and cash equivalents	\$ 10,710,411	\$ 4,186,487
Accounts and other receivables	1,240,932	1,135,256
Inventory	1,553,036	1,458,242
Prepaid expenses and other assets	2,657,490	2,411,010
Assets held for sale	132,000	547,000
Pledges receivable, net	35,966,079	19,555,741
Investments	181,207,599	153,421,846
Cash restricted for long-lived assets	11,249,236	16,557,690
Land, buildings, and equipment, net	299,855,919	271,274,882
Assets held for endowment fund	2,207,128	2,190,265
	\$ 546,779,830	\$ 472,738,419
Total Assets	\$ 546,779,830	\$ 472,738,419
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 22,298,123	\$ 19,600,579
Notes payable	1,776,200	1,961,122
Custodial, trust, and annuity obligations	266,646	296,958
	24,340,969	21,858,659
Net assets:		
Unrestricted:		
Operating	138,256,809	133,408,565
Donor advised funds	8,365,630	2,177,189
Cumulative foreign currency translation adjustment	1,326,084	1,583,455
Equity in land, buildings, and equipment	298,354,723	269,610,766
	446,303,246	406,779,975
Temporarily restricted	74,469,788	42,433,958
Permanently restricted	1,665,827	1,665,827
	522,438,861	450,879,760
Total Liabilities and Net Assets	\$ 546,779,830	\$ 472,738,419

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
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
Total Support and Revenue	342,807,648	98,347,240	-	441,154,888
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	66,311,410	(66,311,410)	-	-
EXPENSES:				
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>-</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>-</u>	<u>59,060,336</u>
Total Expenses	369,338,416	-	-	369,338,416
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	42,433,958	1,665,827	450,879,760
Net Assets, End of Year	\$ 446,303,246	\$ 74,469,788	\$ 1,665,827	\$ 522,438,861

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statement of Activities Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions-operating	\$ 237,306,305	\$ 23,661,541	\$ -	\$ 260,967,846
Contributions restricted for capital purchases	-	33,896,516	-	33,896,516
Program services revenue	71,190,909	-	-	71,190,909
Investment and endowment income	8,709,365	600,344	-	9,309,709
Change in value of split-interest agreements	6,409	(1,134)	-	5,275
Sales income	8,144,871	-	-	8,144,871
Other income	3,137,613	-	-	3,137,613
Total Support and Revenue	328,495,472	58,157,267	-	386,652,739
NET ASSETS RELEASED:				
Satisfaction of purpose and time restrictions	42,536,878	(42,536,878)	-	-
EXPENSES:				
Program services:				
Club ministries	213,898,097	-	-	213,898,097
Camping operations	77,660,531	-	-	77,660,531
Young Life Foundation	689,870	-	-	689,870
	<u>292,248,498</u>	<u>-</u>	<u>-</u>	<u>292,248,498</u>
Supporting activities:				
Management and general	29,268,824	-	-	29,268,824
Fundraising	24,735,132	-	-	24,735,132
	<u>54,003,956</u>	<u>-</u>	<u>-</u>	<u>54,003,956</u>
Total Expenses	346,252,454	-	-	346,252,454
Change in Net Assets Before Foreign				
Currency Translation	24,779,896	15,620,389	-	40,400,285
Foreign currency translation adjustments	87,674	-	-	87,674
Change in Net Assets	24,867,570	15,620,389	-	40,487,959
Net Assets, Beginning of Year	381,912,405	26,813,569	1,665,827	410,391,801
Net Assets, End of Year	\$ 406,779,975	\$ 42,433,958	\$ 1,665,827	\$ 450,879,760

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Consolidated Statements of Cash Flows Years Ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 71,559,101	\$ 40,487,959
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	19,860,809	19,199,466
Bad debt and doubtful pledge expense	204,857	(39,534)
(Gain) loss on disposal of land, buildings, and equipment	311,591	(173,402)
Loss on disposal of assets held for sale	154,729	59,632
Realized and unrealized gains on investments	(6,081,306)	(6,753,918)
Gain on investment in captive insurance companies	(2,285,630)	(272,745)
Change in value of split-interest agreements	14,796	(5,275)
Reinvested dividends	(1,846,383)	(1,158,696)
Capitalized and held for sale in-kind contributions	(17,810,600)	(183,945)
Foreign currency translation	257,371	(87,674)
Contributions received restricted for long-lived assets	(46,861,492)	(33,896,516)
Changes in operating assets and liabilities:		
Accounts and other receivables	(106,094)	344,048
Pledges receivable	(16,614,777)	(10,189,751)
Inventory	(94,794)	123,348
Prepaid expenses and other assets	(246,480)	(567,907)
Accounts payable and accrued liabilities	1,628,626	1,707,985
Custodial, trust, and annuity obligations	(30,312)	(2,854)
Net Cash Provided by Operating Activities	2,014,012	8,590,221
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(80,682,729)	(50,296,970)
Proceeds from sales of investments	63,094,714	36,246,939
Purchases of land, buildings, and equipment	(30,479,621)	(35,729,010)
Proceeds from sales of land, buildings, and equipment	66,019	443,414
Proceeds from sales of assets held for sale	483,921	985,433
Net Cash Used by Investing Activities	(47,517,696)	(48,350,194)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(184,922)	(173,813)
Reinvested dividends of assets held for endowment fund	(27,526)	(27,909)
Gain on assets held for endowment fund	(187,804)	(189,037)
Distributions of assets held for endowment fund	198,467	150,710
Transfer of cash restricted for long-lived assets	8,447,392	4,639,773
Proceeds from contributions for long-lived assets	43,722,554	24,080,922
Net Cash Provided by Financing Activities	51,968,161	28,480,646
Effect of Exchange Rate Changes on Cash	59,447	(343,898)
Net Change in Cash and Cash Equivalents	6,523,924	(11,623,225)
Cash and Cash Equivalents, Beginning of Year	4,186,487	15,809,712
Cash and Cash Equivalents, End of Year	10,710,411	4,186,487
Cash Restricted for Long-Lived Assets	11,249,236	16,557,690
Total Cash and Cash Equivalents, End of Year	\$ 21,959,647	\$ 20,744,177
SUPPLEMENTAL DISCLOSURES:		
Fixed assets acquired with accounts payable	\$ 1,576,718	\$ 507,800
Cash paid for interest	\$ 115,524	\$ 126,805

See notes to consolidated financial statements

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 almost 2.7 million kids 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 102 countries around the globe. Young Life field staff reach out to all kids and have ministries designed to serve teen moms, kids with disabilities, as well as kids living in urban or rural areas. Camping Operations owns and operates 27 world class camping facilities and runs 7 more 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, 2018 and 2017, 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 that meet baseline reporting requirements. Grants to non-consolidated yet controlled foreign entities are included within related party transactions in note 16. 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 AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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, 2018 and 2017. As of September 30, 2018 and 2017, the cash and cash equivalents and cash restricted for long-lived assets in excess of the federally insured limits were approximately \$19,800,000 and \$18,600,000, 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, 2018 and 2017.

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.

INVESTMENTS

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

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 for Camping Operations and Global Mission Services or \$1,000 for U.S. and International Field Operations.

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 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:

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 unrestricted net assets as of September 30, 2018 and 2017.

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.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 \$860,000 and \$772,000 as of September 30, 2018 and 2017, 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:

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

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

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

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. Funds are raised for field operations primarily by the individual 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 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.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

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 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.

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.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

3. INVESTMENTS AND ASSETS HELD FOR ENDOWMENT FUND:

Investments and assets held for endowment fund consist of:

	September 30, 2018			September 30, 2017		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Money market mutual funds	\$ 21,933	\$ 11,022,432	\$ 11,044,365	\$ 15,068	\$ 8,632,288	\$ 8,647,356
Equity securities	155,272	56,218,582	56,373,854	204,179	48,503,765	48,707,944
Fixed income securities	20,495,775	24,700,942	45,196,717	88,003	24,405,837	24,493,840
Land and land interests	-	703,615	703,615	-	749,424	749,424
Captive insurance arrangements	9,291,033	-	9,291,033	8,205,403	-	8,205,403
Alternative investments	-	16,532,397	16,532,397	-	15,517,022	15,517,022
Certificates of deposit	43,412,349	-	43,412,349	48,439,610	-	48,439,610
Other	-	860,397	860,397	-	851,512	851,512
	<u>73,376,362</u>	<u>110,038,365</u>	<u>183,414,727</u>	<u>56,952,263</u>	<u>98,659,848</u>	<u>155,612,111</u>
Less: Assets held for endowment fund	-	(2,207,128)	(2,207,128)	-	(2,190,265)	(2,190,265)
Total investments	<u>\$ 73,376,362</u>	<u>\$ 107,831,237</u>	<u>\$ 181,207,599</u>	<u>\$ 56,952,263</u>	<u>\$ 96,469,583</u>	<u>\$ 153,421,846</u>

Investment and endowment income consists of:

	Year Ended September 30, 2018			Year Ended September 30, 2017		
	Young Life	Foundation	Total	Young Life	Foundation	Total
Interest and dividends	\$ 1,158,041	\$ 1,433,715	\$ 2,591,756	\$ 782,215	\$ 1,311,794	\$ 2,094,009
Gain on investment in captive insurance companies	2,285,630	-	2,285,630	272,745	-	272,745
Net realized and unrealized gain	74,740	6,194,370	6,269,110	152,878	6,790,077	6,942,955
	<u>\$ 3,518,411</u>	<u>\$ 7,628,085</u>	<u>\$ 11,146,496</u>	<u>\$ 1,207,838</u>	<u>\$ 8,101,871</u>	<u>\$ 9,309,709</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

4. PLEDGES RECEIVABLE, NET:

Pledges receivable, net consist of:

	2018	2017
Camp capital purchases or gifts	\$ 21,989,571	\$ 18,326,333
Campership	2,900,000	-
Field ministries	13,292,500	1,642,500
	38,182,071	19,968,833
Less: Allowance for uncollectible pledges	(459,904)	(280,465)
Less: Present value discount	(1,756,088)	(132,627)
	\$ 35,966,079	\$ 19,555,741

At September 30, 2018, pledges receivable are expected to mature as follows:

Due in less than one year	\$ 12,499,070
Due in one to five years	23,467,009
	\$ 35,966,079

Young Life accounts for the present value of pledges receivable using a risk-adjusted discount rate range of 2.3-2.9%. 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, 2018 and 2017, total conditional pledges receivable approximated \$1,000,000 and \$3,250,000, respectively.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

5. LAND, BUILDINGS, AND EQUIPMENT, NET:

Land, buildings, and equipment, net consist of:

	2018	2017
Land	\$ 56,420,016	\$ 45,076,946
Buildings and improvements	379,793,023	369,107,227
Furniture and equipment	64,183,543	57,103,982
Marine equipment	2,866,986	3,432,075
Vehicles and other	9,342,903	8,456,382
	512,606,471	483,176,612
Accumulated depreciation	(239,565,476)	(223,279,123)
	273,040,995	259,897,489
Construction in progress	26,814,924	11,377,393
	\$ 299,855,919	\$ 271,274,882

Equity in land, buildings, and equipment consists of:

Land, buildings, and equipment, net	\$ 299,855,919	\$ 271,274,882
Less: related note payable	(1,501,196)	(1,664,116)
	\$ 298,354,723	\$ 269,610,766

6. NOTES PAYABLE:

Notes payable consists of:

	2018	2017
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.	\$ 1,501,196	\$ 1,664,116
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.	275,004	297,006
	\$ 1,776,200	\$ 1,961,122

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

6. NOTES PAYABLE, continued:

Future minimum payments under notes payable are:

<u>Year Ending September 30,</u>	
2019	\$ 196,751
2020	209,117
2021	222,739
2022	237,014
2023	252,213
Thereafter	<u>658,366</u>
	<u>\$ 1,776,200</u>

Young Life was in compliance with all financial and reporting covenants at September 30, 2018 and 2017.

7. MEDICAL CLAIMS RESERVE:

Young Life has a self-insured employee group medical plan. Insurance policies in force at September 30, 2018 and 2017 limit Young Life's liability to \$325,000 annually per insured. Young Life records an accrual that represents its best estimate of claims and fees that were incurred but unpaid at the end of each year, and was \$3,456,000 and \$2,823,700 as of September 30, 2018 and 2017, respectively. These amounts are included in accounts payable and accrued liabilities on the consolidated statements of financial position.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

8. 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 \$5,470,835 and \$5,487,985 as of September 30, 2018 and 2017, respectively, and is included in accounts payable and accrued liabilities on the consolidated statements of financial position.

9. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	2018	2017
Capital improvements	\$ 31,510,265	\$ 28,581,173
Campership and club ministries	42,473,397	13,184,125
Trust agreement	395,940	585,816
Training	90,186	82,844
	\$ 74,469,788	\$ 42,433,958

10. ASSETS HELD FOR ENDOWMENT FUND:

Assets held for endowment fund are as follows:

	2018	2017
Unrestricted	\$ 11,471	\$ 31,603
Temporarily restricted	529,830	492,835
Permanently restricted	1,665,827	1,665,827
	\$ 2,207,128	\$ 2,190,265

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

10. ASSETS HELD FOR ENDOWMENT FUND, continued:

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 31,603	\$ 492,835	\$ 1,665,827	\$ 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	<u>\$ 11,471</u>	<u>\$ 529,830</u>	<u>\$ 1,665,827</u>	<u>\$ 2,207,128</u>

Changes in assets held for endowment fund for the year ended September 30, 2017, consist of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 4,149	\$ 454,053	\$ 1,665,827	\$ 2,124,029
Dividend and interest income	16,274	11,635	-	27,909
Net realized and unrealized loss	106,553	82,484	-	189,037
Appropriations of endowment assets for expenditures	(95,373)	(55,337)	-	(150,710)
Endowment net assets, end of year	<u>\$ 31,603</u>	<u>\$ 492,835</u>	<u>\$ 1,665,827</u>	<u>\$ 2,190,265</u>

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

11. FAIR VALUE MEASUREMENTS:

Young Life uses appropriate valuation techniques to determine fair value based on inputs available. When possible, Young Life measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were not used during the years ended September 30, 2018 and 2017. The following table displays the fair values of assets measured on a recurring basis at September 30, 2018 and 2017:

	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:			
Small-cap mutual funds	1,515,470	1,515,470	-
Mid-cap mutual funds	7,890,969	7,890,969	-
Large-cap mutual funds	16,815,500	16,815,500	-
Exchange-traded funds	1,715,582	1,715,582	-
International mutual funds	14,108,157	14,108,157	-
International common stock	2,881,316	2,881,316	-
Domestic common stock	11,446,860	11,446,860	-
Fixed income securities:			
U.S. treasury notes and government securities	6,047,304	-	6,047,304
Corporate bonds and notes	28,317,901	-	28,317,901
International corporate bonds and notes	279,168	-	279,168
Fixed income mutual funds	10,552,344	10,552,344	-
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 arrangements	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 AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

11. FAIR VALUE MEASUREMENTS, continued:

	September 30, 2017	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	\$ 8,647,356	\$ 8,647,356	\$ -
Equity securities:			
Small-cap mutual funds	1,191,594	1,191,594	-
Mid-cap mutual funds	6,471,817	6,471,817	-
Large-cap mutual funds	15,893,825	15,893,825	-
Exchange-traded funds	1,549,659	1,549,659	-
International mutual funds	9,386,699	9,386,699	-
International common stock	3,030,209	3,030,209	-
Domestic common stock	11,184,141	11,184,141	-
Fixed income securities:			
U.S. treasury notes and government securities	5,893,113	-	5,893,113
Corporate bonds and notes	8,312,580	-	8,312,580
Fixed income mutual funds	308,227	-	308,227
Land and land interests	9,979,920	9,979,920	-
Other	749,424	-	749,424
	851,512	-	851,512
	<u>83,450,076</u>	<u>\$ 67,335,220</u>	<u>\$ 16,114,856</u>
Investments held at other than fair value:			
Captive insurance arrangements	8,205,403		
Certificates of deposit	48,439,610		
Investments held at net asset value:			
MLP funds (a)	4,259,159		
Multi-strategy hedge funds (b)	8,133,408		
Equity long/short hedge funds (c)	3,124,455		
	<u>155,612,111</u>		
Less: Assets held for endowment fund	<u>(2,190,265)</u>		
Total Investments	<u>\$ 153,421,846</u>		

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

11. FAIR VALUE MEASUREMENTS, continued:

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

Change in valuation techniques: None.

Young Life uses the Net Asset Value (NAV) as a practical expedient to determine the fair value for all hedge funds which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. At September 30, 2018 and 2017, alternative investments consist of the following:

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

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

12. EMPLOYEE BENEFIT PLANS:

Young Life has a noncontributory defined contribution pension plan covering substantially all salaried and certain hourly employees. The amount of contributions to the plan by Young Life is based on a percentage (currently 7%) of eligible compensation. New employees are fully vested after five years of continuous service. The nonvested balance is forfeited upon termination of service. Pension contributions for the years ended September 30, 2018 and 2017, were \$7,856,623 and \$7,254,190, respectively. Contributions to the plan are fully funded as of September 30, 2018 and 2017.

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, 2018 and 2017, were \$4,365,137 and \$4,010,993 and, respectively.

13. INVESTMENT IN CAPTIVE INSURANCE COMPANIES:

Young Life and eight other not-for-profit organizations are members of an offshore captive insurance holding company entitled Stewardship Insurance, Ltd. (SIL). There is one wholly-owned subsidiary of SIL, Stewardship Reinsurance, Ltd (SRL). 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 \$9,291,033 and \$8,205,403, which represents Young Life's investment in captive insurance as of September 30, 2018 and 2017, respectively, representing 29.2% and 26.9%, 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 \$4,101,278 and \$3,913,321, in premiums to the captives during the years ended September 30, 2018 and 2017, respectively.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 2018 and 2017

13. INVESTMENT IN CAPTIVE INSURANCE COMPANIES, continued:

Summary financial information of SIL is as follows:

	July 31, *	
	2018	2017
Total assets	\$ 68,851,000	\$ 68,159,000
Total liabilities	\$ 37,012,000	\$ 37,604,000
Comprehensive income (net of dividends)	\$ 2,200,000	\$ 4,680,000

* Amounts represent unaudited balances and activities through and for the years ended July 31, 2018 and 2017.

14. LEASE COMMITMENTS:

Young Life has several noncancellable operating leases which expire in various years. Lease expense for the years ended September 30, 2018 and 2017, was \$4,410,370 and \$4,065,631, respectively. Future minimum lease payments are:

<u>Year Ending September 30,</u>	
2019	\$ 2,343,664
2020	969,245
2021	411,831
2022	247,296
2023	104,291
	<hr/>
	\$ 4,076,327

15. COMMITMENTS:

As of September 30, 2018, Young Life was contractually obligated for various projects and events. Outstanding commitments related to these projects and events as of September 30, 2018 were approximately \$5 million and are expected to be paid during the year ending September 30, 2019.

16. RELATED PARTY TRANSACTIONS:

Young Life granted approximately \$786,000 and \$664,000 to related party affiliate organizations during the years ended September 30, 2018 and 2017, 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.

YOUNG LIFE AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

17. 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.

18. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 7, 2018, which is the date the 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, 2018 and 2017, and our report thereon dated November 7, 2018, 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 7, 2018

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Financial Position September 30, 2018

	Young Life		International Subsidiaries		Young Life Foundation	3E Ministry Resources, Inc.	Total	Reclassifications/ Eliminations	
	Domestic	Foreign	Camping	Field				Total	Eliminations
ASSETS:									
Cash and cash equivalents	\$ 7,355,399	\$ -	\$ 1,886,064	\$ 1,468,948	\$ -	\$ -	\$ 10,710,411	\$ -	\$ 10,710,411
Accounts and other receivables	905,325	-	177,306	143,419	153,939	14,882	1,394,871	(153,939)	1,240,932
Inventory	1,461,279	-	86,516	-	-	5,241	1,553,036	-	1,553,036
Prepaid expenses and other assets	2,529,252	59,382	23,256	45,600	-	-	2,657,490	-	2,657,490
Assets held for sale	-	-	-	-	132,000	-	132,000	-	132,000
Pledges receivable, net	-	-	-	-	35,966,079	-	35,966,079	-	35,966,079
Investments	74,136,943	-	21,930	-	107,831,237	-	181,990,110	(782,511)	181,207,599
Cash restricted for long-lived assets	11,227,937	-	21,299	-	-	-	11,249,236	-	11,249,236
Land, buildings, and equipment, net	283,356,835	86,783	16,138,082	274,219	-	-	299,855,919	-	299,855,919
Assets held for endowment fund	-	-	-	-	2,207,128	-	2,207,128	-	2,207,128
Intercompany receivables (payables)	(23,430,530)	17,630,968	873,890	(9,679)	4,851,851	35,095	(48,405)	48,405	-
Total Assets	\$357,542,440	\$ 17,777,133	\$ 19,228,343	\$ 1,922,507	\$151,142,234	\$ 55,218	\$547,667,875	\$ (888,045)	\$546,779,830
LIABILITIES AND NET ASSETS:									
Liabilities:									
Accounts payable and accrued liabilities	\$ 27,337,610	\$ 593,010	\$ 144,083	\$ 101,194	\$ 46,875	\$ 2,779	\$ 28,225,551	\$ (5,927,428)	\$ 22,298,123
Notes payable	1,655,135	-	-	-	275,004	-	1,930,139	(153,939)	1,776,200
Custodial, trust, and annuity obligations	40,880	-	-	-	225,766	-	266,646	-	266,646
	<u>29,033,625</u>	<u>593,010</u>	<u>144,083</u>	<u>101,194</u>	<u>547,645</u>	<u>2,779</u>	<u>30,422,336</u>	<u>(6,081,367)</u>	<u>24,340,969</u>
Net assets:									
Unrestricted:									
Operating	21,067,823	14,601,037	1,505,320	1,640,581	94,350,226	52,439	133,217,426	5,039,383	138,256,809
Donor advised funds	-	-	-	-	8,365,630	-	8,365,630	-	8,365,630
Cumulative foreign currency translation adjustment	(16,180)	16,192	1,419,559	(93,487)	-	-	1,326,084	-	1,326,084
Equity in land, buildings, and equipment	281,701,700	86,783	16,138,082	274,219	-	-	298,200,784	153,939	298,354,723
	<u>302,753,343</u>	<u>14,704,012</u>	<u>19,062,961</u>	<u>1,821,313</u>	<u>102,715,856</u>	<u>52,439</u>	<u>441,109,924</u>	<u>5,193,322</u>	<u>446,303,246</u>
Temporarily restricted	25,755,472	2,480,111	21,299	-	46,212,906	-	74,469,788	-	74,469,788
Permanently restricted	-	-	-	-	1,665,827	-	1,665,827	-	1,665,827
	<u>328,508,815</u>	<u>17,184,123</u>	<u>19,084,260</u>	<u>1,821,313</u>	<u>150,594,589</u>	<u>52,439</u>	<u>517,245,539</u>	<u>5,193,322</u>	<u>522,438,861</u>
Total Liabilities and Net Assets	\$357,542,440	\$ 17,777,133	\$ 19,228,343	\$ 1,922,507	\$151,142,234	\$ 55,218	\$547,667,875	\$ (888,045)	\$546,779,830

YOUNG LIFE AND SUBSIDIARIES

Consolidating Statement of Activities Year Ended September 30, 2018

	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	\$234,297,345	\$ 27,250,487	\$ 214,937	\$ 1,385,312	\$ 36,220,550	\$ -	\$299,368,631	\$ (387,478)	\$298,981,153
Contributions restricted for capital purchases	26,848,635	215,757	-	-	19,797,100	-	46,861,492	-	46,861,492
Intercompany donations	39,978,406	4,353,796	2,151,116	7,507,298	11,238,576	-	65,229,192	(65,229,192)	-
Program services revenue	70,495,407	1,369,359	1,039,634	316,679	16,716	-	73,237,795	-	73,237,795
Investment and endowment income	3,496,434	-	19,537	2,440	7,628,085	-	11,146,496	-	11,146,496
Change in value of split-interest agreements	-	-	-	-	(14,796)	-	(14,796)	-	(14,796)
Sales income	7,628,610	-	572,264	-	-	41,834	8,242,708	-	8,242,708
Other income (loss)	2,545,562	-	125,372	(3,752)	(114,555)	147,413	2,700,040	-	2,700,040
Total Support and Revenue	385,290,399	33,189,399	4,122,860	9,207,977	74,771,676	189,247	506,771,558	(65,616,670)	441,154,888
EXPENSES:									
Salaries and employee benefits	209,855,728	11,276,403	1,139,666	2,591,910	-	-	224,863,707	(5,973,686)	218,890,021
Club and camping activities	48,105,304	2,243,456	607,030	3,784,120	-	2,239	54,742,149	(11,122,786)	43,619,363
Office and property expense	21,074,942	370,288	604,237	1,029,206	27,519	1,565	23,107,757	-	23,107,757
Depreciation and amortization	18,931,418	20,572	898,376	10,443	-	-	19,860,809	-	19,860,809
Events and materials	13,730,613	249,321	16,915	38,461	-	-	14,035,310	(380,256)	13,655,054
Travel, moving and conference	14,886,930	1,660,615	158,106	226,777	-	3,239	16,935,667	(3,279,598)	13,656,069
Stores, food and supplies	8,708,411	28,513	882,091	-	-	-	9,619,015	(220,598)	9,398,417
Professional services	12,587,893	581,478	372,771	524,364	263,971	1,939	14,332,416	(2,877,264)	11,455,152
Cost of sales	3,733,446	-	283,199	-	-	37,059	4,053,704	(36,958)	4,016,746
Vehicle expense	3,048,582	94,223	83,228	125,593	-	2,248	3,353,874	-	3,353,874
Miscellaneous	1,713,793	10,254	183,244	52,872	60,716	1,813	2,022,692	2,846	2,025,538
Grants to international affiliates	309,627	5,603,578	52,959	142,192	191,260	-	6,299,616	-	6,299,616
Intercompany donations	10,938,856	8,675,606	80,148	178,913	45,592,995	150,152	65,616,670	(65,616,670)	-
Intercompany charges	2,627,033	(342,939)	(2,208,663)	(1,049)	(23,141)	10	51,251	(51,251)	-
Intercompany collections	(20,773,823)	-	2,863	592	-	-	(20,770,368)	20,770,368	-
Total Expenses	349,478,753	30,471,368	3,156,170	8,704,394	46,113,320	200,264	438,124,269	(68,785,853)	369,338,416
Change in Net Assets Before Foreign Currency Translation	35,811,646	2,718,031	966,690	503,583	28,658,356	(11,017)	68,647,289	3,169,183	71,816,472
Foreign currency translation adjustment	-	-	(264,245)	6,874	-	-	(257,371)	-	(257,371)
Change in Net Assets	35,811,646	2,718,031	702,445	510,457	28,658,356	(11,017)	68,389,918	3,169,183	71,559,101
Net Assets, Beginning of Year	292,697,169	14,466,092	18,381,815	1,310,856	121,936,233	63,456	448,855,621	2,024,139	450,879,760
Net Assets, End 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

YOUNG LIFE AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses Year Ended September 30, 2018

	Program Services			Program Services Total	Supporting Activities		Supporting Activities Total	2018 Total Expenses	2017 Total Expenses
	Club Ministries	Camping Operations	Young Life Foundation Operations		Management and General	Fundraising			
Salaries and employee benefits	\$ 151,371,713	\$ 30,731,951	\$ -	\$ 182,103,664	\$ 21,517,868	\$ 15,268,489	\$ 36,786,357	\$ 218,890,021	\$ 201,904,872
Club and camping activities	39,947,977	3,655,235	-	43,603,212	13,261	2,890	16,151	43,619,363	44,308,302
Office and property expense	8,508,206	11,162,550	27,519	19,698,275	2,358,512	1,050,970	3,409,482	23,107,757	21,259,393
Depreciation and amortization	1,634,995	17,851,067	-	19,486,062	324,430	50,317	374,747	19,860,809	19,199,466
Events and materials	3,235,153	-	-	3,235,153	2,707,896	7,712,005	10,419,901	13,655,054	13,087,044
Travel, moving and conference	10,197,393	1,287,400	-	11,484,793	1,288,468	882,808	2,171,276	13,656,069	12,068,609
Stores, food and supplies	175,691	9,056,041	-	9,231,732	166,685	-	166,685	9,398,417	9,388,803
Professional services	3,642,261	3,810,584	263,971	7,716,816	2,765,542	972,794	3,738,336	11,455,152	9,180,950
Cost of sales	-	4,016,746	-	4,016,746	-	-	-	4,016,746	3,982,803
Vehicle expense	2,868,591	237,531	-	3,106,122	158,529	89,223	247,752	3,353,874	3,195,314
Miscellaneous	186,021	200,993	37,575	424,589	1,579,862	21,087	1,600,949	2,025,538	3,352,630
Grants to international affiliates	5,772,823	206,833	191,260	6,170,916	85,849	42,851	128,700	6,299,616	5,324,268
2018 Total Expenses	\$ 227,540,824	\$ 82,216,931	\$ 520,325	\$ 310,278,080	\$ 32,966,902	\$ 26,093,434	\$ 59,060,336	\$ 369,338,416	\$ 346,252,454
Percent of 2018 Total Expenses	61.6%	22.3%	0.1%	84.0%	8.9%	7.1%	16.0%	100.0%	
2017 Total Expenses	\$ 213,898,097	\$ 77,660,531	\$ 689,870	\$ 292,248,498	\$ 29,268,824	\$ 24,735,132	\$ 54,003,956	\$ 346,252,454	
Percent of 2017 Total Expenses	61.8%	22.4%	0.2%	84.4%	8.5%	7.1%	15.6%	100.0%	