



INTERNATIONAL FELLOWSHIP
OF EVANGELICAL
STUDENTS/USA, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

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

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of International Fellowship of Evangelical Students/USA, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Fellowship of Evangelical Students/USA, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International Fellowship of Evangelical Students/USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Fellowship of Evangelical Students/USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 International Fellowship of Evangelical Students/USA, Inc.'s internal control. Accordingly, no such opinion
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Fellowship of Evangelical Students/USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
March 11, 2022

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

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 1,862,005	\$ 1,406,356
Prepaid expenses and other assets	61	61
Other receivable—employee retention tax credit	241,763	-
Investments	1,858,603	1,953,721
Pledges receivable—net	2,493,846	864,607
Property and equipment—net	518	1,405
	<u>\$ 6,456,796</u>	<u>\$ 4,226,150</u>
Total Assets	<u>\$ 6,456,796</u>	<u>\$ 4,226,150</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 16,814	\$ 10,545
Refundable advance	-	497,928
Funds held for affiliated organization	414,063	413,670
Contribution payable to affiliated organization	783,176	429,418
Total Liabilities	<u>1,214,053</u>	<u>1,351,561</u>
Net assets:		
Without donor restrictions	857,529	635,845
With donor restrictions	4,385,214	2,238,744
Total Net Assets	<u>5,242,743</u>	<u>2,874,589</u>
Total Liabilities and Net Assets	<u>\$ 6,456,796</u>	<u>\$ 4,226,150</u>

See notes to financial statements

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

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions and grant income	\$ 379,369	\$ 5,762,895	\$ 6,142,264	\$ 82,189	\$ 4,115,137	\$ 4,197,326
Investment income–net	32,100	48,012	80,112	29,293	61,026	90,319
Other income	-	-	-	2,375	-	2,375
Total Support and Revenue	411,469	5,810,907	6,222,376	113,857	4,176,163	4,290,020
NET ASSETS RELEASED:						
Purpose restrictions	3,291,216	(3,291,216)	-	2,931,598	(2,931,598)	-
Administrative assessments	373,221	(373,221)	-	373,612	(373,612)	-
	3,664,437	(3,664,437)	-	3,305,210	(3,305,210)	-
EXPENSES:						
Program services	3,241,689	-	3,241,689	2,815,456	-	2,815,456
Supporting activities:						
General and administrative	442,095	-	442,095	421,403	-	421,403
Fundraising	170,438	-	170,438	188,265	-	188,265
	612,533	-	612,533	609,668	-	609,668
Total Expenses	3,854,222	-	3,854,222	3,425,124	-	3,425,124
Change in Net Assets	221,684	2,146,470	2,368,154	(6,057)	870,953	864,896
Net Assets, Beginning of Year	635,845	2,238,744	2,874,589	641,902	1,367,791	2,009,693
Net Assets, End of Year	\$ 857,529	\$ 4,385,214	\$ 5,242,743	\$ 635,845	\$ 2,238,744	\$ 2,874,589

See notes to financial statements

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

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,368,154	\$ 864,896
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	709	1,389
Realized and unrealized gain on investments	(66,476)	(63,118)
Reinvested interest and dividends	(13,636)	(27,881)
Loss on sale and disposal of property and equipment	178	90
Paycheck Protection Program loan forgiveness	-	(78,000)
Change in operating assets and liabilities:		
Other receivable—employee retention tax credit	(241,763)	-
Pledges receivable—net	(1,629,239)	(864,607)
Accounts payable and accrued expenses	6,269	4,823
Refundable advance	(497,928)	497,928
Contribution payable to affiliated organization	353,758	(717,831)
Funds held for affiliated organization	393	3,332
Net Cash Provided (Used) by Operating Activities	<u>280,419</u>	<u>(378,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	479
Proceeds from sale of investments	175,230	20,587
Net Cash Provided by Investing Activities	<u>175,230</u>	<u>21,066</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	78,000
Net Cash Provided by Financing Activities	<u>-</u>	<u>78,000</u>
Net Change in Cash and Cash Equivalents	455,649	(279,913)
Cash and Cash Equivalents, Beginning of Year	<u>1,406,356</u>	<u>1,686,269</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,862,005</u>	<u>\$ 1,406,356</u>
SUPPLEMENTAL DISCLOSURE:		
Non-cash financing transaction to recognize paycheck protection program loan	<u>\$ -</u>	<u>\$ 78,000</u>

See notes to financial statements

INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

Notes to Financial Statements

December 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, and interest-bearing money market accounts. IFES/USA maintains its cash in bank and other deposit accounts at high credit quality financial institutions. As of December 31, 2021 and 2020, cash balances on deposit exceeded federally insured limits by approximately \$995,000 and \$584,000, respectively. IFES/USA has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PLEDGE RECEIVABLE–NET

The pledges receivable are recognized as revenue when unconditionally promised. The pledges receivable expected to be collected within one year are recorded at net realizable value. The pledges receivable expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on amounts collectible in greater than one year are computed using risk-adjusted interest rates applicable to the year in which pledges are expected to be received. Management has reviewed the collectability and believes all amounts to be fully collectible.

OTHER RECEIVABLE–EMPLOYEE RETENTION TAX CREDIT

Other receivables consist of a receivable related to the Employee Retention Credit (ERC). IFES/USA expects full collectability of the ERC during the year ending December 31, 2022. Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge IFES/USA's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon IFES/USA.

INVESTMENTS

Investments consist of mutual funds and certificates of deposit with an original maturity date greater than ninety days. Mutual funds are recorded at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Measurements topic of the FASB Codification. Certificates of deposits are recorded at cost plus accrued interest, not subject to fair value. Gains and losses are reported within investment income on the statements of activities. Investment return is reported net of external and direct internal expenses.

PROPERTY AND EQUIPMENT–NET

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

REFUNDABLE ADVANCE

As of December 31, 2020, the refundable advance consisted of amounts received under a conditional grant agreement. As the conditions within the agreement were met in the current year, the amounts were recognized as contributions and grant income during the year ended December 31, 2021.

INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNDS HELD FOR AFFILIATED ORGANIZATION

During the year ended December 31, 2021 and 2020, IFES/USA agreed to hold and invest funds on behalf of IFES/UK.

CONTRIBUTION PAYABLE TO AFFILIATED ORGANIZATION

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

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

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

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

SUPPORT, REVENUE, AND EXPENSES

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

Expenses are recorded when incurred.

ADMINISTRATIVE ASSESSMENTS

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

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

Notes to Financial Statements

December 31, 2021 and 2020

3. RISKS AND UNCERTAINTIES:

IFES/USA's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on IFES/USA's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to IFES/USA's contribution revenue, absenteeism in workforce, and a decline in value of assets held. The financial impact cannot be estimated at this time.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the IFES/USA's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside funds. IFES/USA's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

	December 31,	
	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,862,005	\$ 1,406,356
Other receivable—employee retention tax credit	241,763	-
Investments	1,858,603	1,953,721
Pledge receivable—net	2,493,846	864,607
	6,456,217	4,224,684
Less those unavailable for general expenditure within one year, due to:		
Cash and other financial assets held for affiliate	(414,063)	(413,670)
Net assets with time-restrictions for greater than one year	(2,045,079)	(931,251)
Net assets with donor restrictions not expected to be used within one year	(1,010,527)	(1,077,562)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,986,548	\$ 1,802,201

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

Notes to Financial Statements

December 31, 2021 and 2020

5. PLEDGES RECEIVABLE—NET:
Pledges receivable—net consists of:

	December 31,	
	2021	2020
Unconditional pledges receivable	\$ 2,570,400	\$ 900,000
Less discount for present value of cash flows	(76,554)	(35,393)
	\$ 2,493,846	\$ 864,607

Estimated collections as of December 31, 2021, consist of:

Less than one year	\$ 593,209
One to five years	1,716,183
Over five years	184,454
	\$ 2,493,846

6. INVESTMENTS:
Investments consist of:

	December 31,	
	2021	2020
Certificates of deposit	\$ 1,234,253	\$ 1,356,068
Mutual funds	624,350	597,653
	\$ 1,858,603	\$ 1,953,721

Investment income—net consists of:

	Year Ended December 31,	
	2021	2020
Interest and dividends	\$ 13,636	\$ 27,881
Net realized and unrealized gains	66,476	62,438
	\$ 80,112	\$ 90,319

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

Notes to Financial Statements

December 31, 2021 and 2020

7. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consist of:

	December 31,	
	2021	2020
Leasehold improvements	\$ 10,000	\$ 10,000
Equipment	4,845	6,024
	14,845	16,024
Less accumulated depreciation	(14,327)	(14,619)
	\$ 518	\$ 1,405

8. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program services and supporting activities of IFES/USA have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, travel and meetings, publications and events, office supplies and other expenses. Salaries and benefits are allocated based on average estimates of time and effort by employees. Travel and meetings, publications and events, office supplies and other expenses are allocated based on estimates of department time and costs utilized. The following tables present the functional allocation of expenses for the years ended December 31, 2021 and 2020.

	For the Year Ended December 31, 2021			
	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 3,170,770	\$ -	\$ -	\$ 3,170,770
Salaries and benefits	61,591	348,197	149,561	559,349
Office and other	98	74,420	5,195	79,713
Publications and events	8,617	5,007	7,770	21,394
Professional services	-	10,817	1,335	12,152
Travel and meetings	613	3,654	6,577	10,844
	\$ 3,241,689	\$ 442,095	\$ 170,438	\$ 3,854,222

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

Notes to Financial Statements

December 31, 2021 and 2020

8. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

	For the Year Ended December 31, 2020			
	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 2,731,159	\$ -	\$ -	\$ 2,731,159
Salaries and benefits	70,646	320,220	164,639	555,505
Office and other	221	74,962	4,819	80,002
Publications and events	12,418	7,173	7,728	27,319
Professional services	25	11,326	1,307	12,658
Travel and meetings	987	7,722	9,772	18,481
	\$ 2,815,456	\$ 421,403	\$ 188,265	\$ 3,425,124

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2021	2020
Subject to the passage of time	\$ 2,659,687	\$ 1,054,140
Worldwide ministry training and training events	1,029,146	1,146,709
Projects	696,381	37,895
	\$ 4,385,214	\$ 2,238,744

10. RETIREMENT PLAN:

IFES/USA sponsors a 403(b) defined contribution plan for all employees. IFES/USA provides a direct contribution of 5% as well as a matching contribution of up to 5% of eligible salary for all employees who are over the age of 21 and have worked at least six months. Total employer contributions for the years ended December 31, 2021 and 2020, were \$42,654 and \$41,795 respectively.

INTERNATIONAL FELLOWSHIP OF EVANGELICAL STUDENTS/USA, INC.

Notes to Financial Statements

December 31, 2021 and 2020

11. AFFILIATE AGREEMENT:

During the years ended December 31, 2021 and 2020, the following financial activity occurred between IFES/USA and IFES/UK:

- IFES/USA granted IFES/UK \$3,170,770 and \$2,731,159, respectively.
- IFES/USA reimbursed IFES/UK \$815 and \$1,476, for costs IFES/UK incurred on IFES/USA's behalf, respectively.
- IFES/UK reimbursed IFES/USA \$12,571 and \$5,454, for costs IFES/USA incurred on IFES/UK's behalf, respectively.
- IFES/USA has recorded a \$783,176 and \$429,418 contribution payable to IFES/UK. See Note 2 for more information.
- IFES/USA is holding \$414,063 and \$413,670 on IFES/UK's behalf, respectively. See Note 2 for more information.

12. RELATED PARTIES:

In addition to the activity described in Note 11, IFES/USA entered into other related party transactions. Contributions received from board members and key employees totaled approximately \$160,000 and \$76,000, during the years ended December 31, 2021 and 2020, respectively. In December 2021, IFES/USA entered into an operating lease agreement with InterVarsity for office space. Expenses incurred under this lease agreement during the year ended December 31, 2021, totaled \$500.

13. PAYCHECK PROTECTION PROGRAM LOAN:

In April 2020, due to the coronavirus pandemic, IFES/USA obtained a Paycheck Protection Program (PPP) loan in the amount of \$78,000. The loan is fully forgivable provided IFES/USA meets certain spending and employment thresholds. IFES/USA received notification by the Small Business Administration of full forgiveness during the year ended December 31, 2020. The PPP loan proceeds are included within contributions and grant income with donor restrictions on the statements of activities.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 11, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.