

**LAUSANNE COMMITTEE  
FOR WORLD EVANGELIZATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**BYEMAN & CLEARY**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Administrative Committee  
Lausanne Committee for World Evangelization  
South Hamilton, Massachusetts

We have audited the accompanying statement of financial position of Lausanne Committee for World Evangelization as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lausanne Committee for World Evangelization as of December 31, 2008 and the change in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.



July 31, 2009

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2008

**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 52,196
Pledges Receivable	500,000
Prepaid Expense	<u>2,200</u>
<b>Total Current Assets</b>	<b><u>554,396</u></b>
<b>Property and Equipment:</b>	
Property and equipment	75,803
Less: accumulated depreciation	<u>(8,447)</u>
<b>Net Property and Equipment</b>	<b><u>67,356</u></b>
<b>TOTAL ASSETS</b>	<b><u>621,752</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Accounts payable	106,587
Accrued Expense	65,149
Notes payable	<u>90,000</u>
<b>Total Current Liabilities \ Total Liabilities</b>	<b><u>261,736</u></b>
<b>Net Assets:</b>	
Unrestricted	(173,341)
Temporarily restricted	<u>533,357</u>
<b>Total Net Assets</b>	<b><u>360,016</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 621,752</u></b>

*The accompanying notes are an integral part of these financial statements.*

# LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE:</u></b>			
Contributions	\$ 532,451	\$ 1,614,592	\$ 2,147,043
Royalties	1,712	-	1,712
Registration fees	10,178	-	10,178
Gifts-in-kind	100,285	-	100,285
Miscellaneous income	(9,452)	-	(9,452)
Net assets released due to satisfaction of restrictions	<u>1,081,235</u>	<u>(1,081,235)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,716,409</u>	<u>533,357</u>	<u>2,249,766</u>
<b><u>EXPENSES:</u></b>			
Program Services	1,523,921	-	1,523,921
Management & General	126,946	-	126,946
Fundraising	<u>136,438</u>	<u>-</u>	<u>136,438</u>
<b>TOTAL EXPENSES</b>	<u>1,787,305</u>	<u>-</u>	<u>1,787,305</u>
CHANGE IN NET ASSETS	(70,896)	533,357	462,461
NET ASSETS AT BEGINNING OF YEAR	<u>(102,445)</u>	<u>-</u>	<u>(102,445)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (173,341)</u>	<u>\$ 533,357</u>	<u>\$ 360,016</u>

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# LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Service	Supporting Services			Total Expenses
		Management & General	Fundraising	Total Supporting	
Personnel	\$ 691,510	\$ 26,392	\$ 54,598	\$ 80,990	\$ 772,500
Travel	286,733	20,415	22,768	43,183	329,916
Marketing & Media	228,917	5,576	-	5,576	234,493
Program Grants	102,994	-	-	-	102,994
Conferences & Events	139,918	3,233	-	3,233	143,151
Office	39,734	7,801	8,523	16,324	56,058
Legal & Financial Services	8,251	32,034	20	32,054	40,305
Donor Relations	-	-	886	886	886
Depreciation	-	6,674	-	6,674	6,674
Interest Expense	43	-	-	-	43
Other Expense	-	-	-	-	-
Gifts-In-Kind Expense	25,821	24,821	49,643	74,464	100,285
<b>Total expenses</b>	<u>\$ 1,523,921</u>	<u>\$ 126,946</u>	<u>\$ 136,438</u>	<u>\$ 263,384</u>	<u>\$ 1,787,305</u>

*The accompanying notes are an integral part of these financial statements.*

# LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008

### Cash flows from operating activities:

Change in net assets	\$ 462,461
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	6,674
Loss on disposal of equipment	271
(Increase) in:	
Prepaid Expense	(1,020)
Pledges Receivable	(500,000)
(Decrease) increase in:	
Accounts payable	(83,632)
Accrued Expense	51,337
<b>Net cash provided by operating activities</b>	<u>(63,909)</u>

### Cash flows from investing activities:

Purchases of property and equipment	(19,570)
Proceeds from sale of property and equipment	<u>1,100</u>
<b>Net cash used by investing activities</b>	<u>(18,470)</u>

### Cash flows from financing activities:

Proceeds from loan payable	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>-</u>

<b>Net decrease in cash</b>	(82,379)
Cash and cash equivalents at beginning of year	<u>134,575</u>
Cash and cash equivalents at end of year	<u>\$ 52,196</u>

### Supplemental disclosures:

Interest paid:	<u>\$ 43</u>
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**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

1. NATURE OF ORGANIZATION

Lausanne Committee for World Evangelization (LCWE) is incorporated in California under the Nonprofit Religious Corporation Law, exclusively for religious purposes. It is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and Section 23701 of the California Revenue and Taxation Code.

LCWE exists to encourage and stimulate the involvement of churches, denominations, ministries, networks and individuals in the cause of world evangelization by providing a forum for theological discussion and the development of practical strategies to address crucial issues facing the church in spreading the Gospel of Jesus Christ.

The organization is supported primarily through donor contributions solicited by missionary staff and charitable foundation grants. Grants and contributions are received from donors throughout the United States. Foundation grants received were approximately 59% of total support and revenue for the year ended December 31, 2008. Two individual donors contributed 67% of total support and revenue during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

Cash consists of balances in deposit accounts at banks. All unrestricted highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Classes of Net Assets

Unrestricted amounts are those currently available at the discretion of the board of directors and management for use in the organization's operations and those resources invested in equipment. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
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Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Pledges Receivable

Contribution revenue is recognized when a donor makes a promise to give to the organization that is, in substance, unconditional. Unconditional promises expected to be collected within one year are reported at net realizable value. Those expected in more than one year are reported at the net present value of their estimated future cash flow. There was one pledge receivable at December 31, 2008 in the amount of \$500,000. Under the terms of this pledge \$250,000 is payable in January 2009 and again in 2010. The 2009 payment was received. No discount has been recorded on the amount due in January 2010 because the outstanding balance in excess of one year is not significant.

Property and Equipment

Property and Equipment is recorded at cost or estimated fair value if received by donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor directions regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Property and equipment are depreciated on the straight-line method based on estimated useful lives of 3 to 7 years for furniture and equipment.

Revenues and Expenses

Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the organization.

Temporarily restricted contributions are recognized as contribution income when cash or ownership of donated assets is unconditionally promised to the organization and subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of those donor stipulated restrictions. When a restricted donation is recognized, a portion is allocated to unrestricted net assets to offset the cost of processing the transaction.



**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
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Gifts-in-Kind

Gifts-in-kind are donated materials and services reflected as contributions in the financial statements at their estimated values on date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills and are provided by persons with those skills, and would be purchased if not provided by donation.

Executive and administrative services are provided to LCWE by another nonprofit organization and not reimbursed. An amount of \$99,285 was recorded as income and corresponding expense in the year ended December 31, 2008 for these services. In addition, \$1,000 of travel costs donated to LCWE was recorded as income and travel expense.

3. LOAN PAYABLE

The loan payable is due to an officer. The loan has no stated term or interest rate. Subsequent to December 31, 2008, the loan was repaid.

4. CONCENTRATION OF CREDIT RISK

At times during the year balances in bank accounts exceeded federal insurance limits.

5. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets represent unspent contributions received with donor-imposed stipulations. The stipulations are removed when funds are expended for the purpose specified. At December 31, 2008, net assets were restricted for the following purposes:

Lausanne III Cape Town 2010 Conference	\$500,000
Information Technology & Website Upgrades	31,357
Special Interest Work Groups	<u>2,000</u>
	<u>\$533,357</u>

6. NEGATIVE UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2008 are a negative \$173,341. Management believes that there will be a significant increase in contribution income in the future. LCWE is conducting a major fundraising drive in preparation for a major event in 2010 in Cape Town, South Africa. A payment of \$250,000 on a pledge of \$500,000 was received in January, 2009. LCWE has also adopted a policy of spending only what it can raise as revenue and contributions. Management is also considering the assessment of an administrative surcharge on donations received. This is a common practice to raise unrestricted income to support administrative functions. No such charge has been assessed in the past. It is expected, therefore, that a positive position in unrestricted net assets will be achieved in 2009.