

**LAUSANNE COMMITTEE
FOR WORLD EVANGELIZATION
FINANCIAL STATEMENTS
DECEMBER 31, 2009**

BYEMAN & CLEARY
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lausanne Committee for World Evangelization
South Hamilton, Massachusetts

We have audited the accompanying statements of financial position of Lausanne Committee for World Evangelization as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.



December 7, 2010

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	2009	2008
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 65,083	\$ 52,196
Pledges Receivable	250,000	500,000
Contributions Receivable	139,193	
Prepaid Expense	199,475	2,200
Total Current Assets	653,751	554,396
Property and Equipment:		
Property and equipment	141,121	75,803
Less: accumulated depreciation	(51,228)	(8,447)
Net Property and Equipment	89,893	67,356
TOTAL ASSETS	743,644	621,752
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	198,879	106,587
Accrued Expense	63,568	65,149
Unearned Registration Fees	392,917	-
Notes payable	250,000	90,000
Total Current Liabilities \ Total Liabilities	905,364	261,736
Net Assets:		
Unrestricted	(271,881)	(173,341)
Temporarily restricted	110,161	533,357
Total Net Assets	(161,720)	360,016
TOTAL LIABILITIES AND NET ASSETS	\$ 743,644	\$ 621,752

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

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Total	Total	Total	Total
<u>SUPPORT AND REVENUE:</u>				
Contributions	\$ 105,733	\$ 1,567,659	\$ 532,451	\$ 1,614,592
Royalties	809	809	1,712	-
Registration fees	8,523	8,523	10,178	-
Gifts-in-kind	-	-	100,285	-
Miscellaneous income	(4,410)	-	(9,452)	-
Net assets released due to satisfaction of restrictions	1,990,855	(\$1,990,855)	1,081,235	(1,081,235)
TOTAL SUPPORT AND REVENUE	2,101,510	(423,196)	1,716,409	533,357
				2,249,766
<u>EXPENSES:</u>				
Program Services	1,871,699	-	1,523,921	-
Management & General	184,490	-	126,946	-
Fundraising	143,861	-	136,438	-
TOTAL EXPENSES	2,200,050	-	1,787,305	-
CHANGE IN NET ASSETS	(98,540)	(423,196)	(70,896)	533,357
NET ASSETS AT BEGINNING OF YEAR	(173,341)	533,357	(102,445)	-
NET ASSETS AT END OF YEAR	\$ (271,881)	\$ 110,161	\$ (173,341)	\$ 533,357
				\$ 360,016

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

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

2009

2008

	Supporting Services			Supporting Services				
	Program Service	Management & General	Fundraising	Total Supporting	Management & General	Fundraising	Total Supporting	Total Expenses
Personnel	\$ 911,465	\$ 8,662	\$ 92,091	\$ 100,753	\$ 26,392	\$ 54,598	\$ 80,990	\$ 772,500
Travel	502,939	46,149	29,425	75,574	20,415	22,768	43,183	329,916
Marketing & Media	200,762	2,259	15,672	17,931	5,576	-	5,576	234,493
Program Grants	151,551	-	-	-	-	-	-	102,994
Conferences & Events	4,281	-	-	-	3,233	-	3,233	143,151
Office	73,710	16,257	2,388	18,645	7,801	8,523	16,324	56,058
Legal & Financial Services	23,827	61,992	260	62,252	32,034	20	32,054	40,305
Donor Relations	-	-	4,025	4,025	-	886	886	886
Depreciation	-	42,781	-	42,781	6,674	-	6,674	6,674
Interest Expense	3,164	6,390	-	6,390	-	-	-	43
Other Expense	-	-	-	-	-	-	-	-
Gifts-In-Kind Expense	-	-	-	-	-	-	-	-
Total expenses	\$ 1,871,699	\$ 184,490	\$ 143,861	\$ 328,351	\$ 126,946	\$ 136,438	\$ 263,384	\$ 1,787,305

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

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$(521,736)	\$ 462,461
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	42,781	6,674
Loss on disposal of equipment	-	271
(Increase) decrease in:		
Advances	2,200	
Prepaid Expense	(199,475)	(1,020)
Contributions Receivables	(139,193)	-
Pledges Receivable	250,000	(500,000)
(Decrease) increase in:		
Accounts payable	92,292	(83,632)
Accrued Expense	(1,581)	51,337
Unearned Registration Income	<u>392,917</u>	<u>-</u>
Net cash used by operating activities	<u>(81,795)</u>	<u>(63,909)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(65,318)	(19,570)
Proceeds from sale of property and equipment	<u>-</u>	<u>1,100</u>
Net cash used by investing activities	<u>(65,318)</u>	<u>(18,470)</u>
Cash flows from financing activities:		
Proceeds from loan payable	250,000	-
Payments of principal on notes payable	<u>(90,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>160,000</u>	<u>-</u>
Net increase (decrease) in cash	12,887	(82,379)
Cash and cash equivalents at beginning of year	<u>52,196</u>	<u>134,575</u>
Cash and cash equivalents at end of year	<u>\$ 65,083</u>	<u>\$ 52,196</u>
Supplemental disclosures:		
Interest paid:	<u>\$ 9,554</u>	<u>\$ 43</u>

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

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 41% and 59% of total support and revenue for the years ended December 31, 2009 and 2008 respectively.

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements 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 statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements 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 was paid in January, 2009. The remaining balance of \$250,000 was paid in February, 2010.

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 were provided to LCWE by another nonprofit organization and not reimbursed in 2008. 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. No gifts-in-kind were recorded in the year ended December 31, 2009.

3. UNEARNED REGISTRATION FEES

Registration for the Third Lausanne Congress to be held in October, 2010 was opened in October, 2009. Registration fees received prior to the event are recorded as unearned income. At the conclusion of the Congress, the unearned income will be recorded as current income.

4. NOTES PAYABLE

The note payable at December 31, 2009 is an unsecured note due to a private party. The loan is structured as commercial paper maturing within 30 days or less at an interest rate of 5% per year. The note and accrued interest can be renewed for additional 30-day terms on the agreement of both parties. This note was repaid subsequent to December 31, 2009.

The note payable at December 31, 2008 was due to an officer. The loan had no stated term or interest rate and was repaid in 2009.

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, 2009 and 2008, net assets were restricted for the following purposes:

	<u>2009</u>	<u>2008</u>
Lausanne III Cape Town Congress	\$ 98,761	\$500,000
Information Technology & Websites	-	31,357
Special Interest Work Groups	-	2,000
Missionary Support	<u>11,400</u>	<u>-</u>
	<u>\$110,161</u>	<u>\$533,357</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

6. CONCENTRATION OF CREDIT RISK

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

7. NEGATIVE UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2009 are a negative \$271,881. 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 the Third Lausanne Congress to be held in Cape Town, South Africa in October, 2010. A payment of \$250,000 on a pledge of \$500,000 was received in February, 2010. LCWE has also adopted a policy of spending only what it can raise as revenue and contributions. Expenses will be reduced substantially after the event in October, 2010. It is expected, therefore, that a positive position in unrestricted net assets will be achieved in 2010.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 7, 2010, the date which the financial statements were available to be issued.