

**LAUSANNE COMMITTEE
FOR WORLD EVANGELIZATION
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

BYEMAN & CLEARY
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lausanne Committee for World Evangelization
Orlando, Florida

We have audited the accompanying financial statements of Lausanne Committee for World Evangelization (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

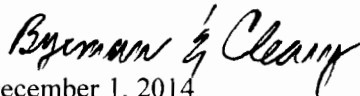
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, 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.


December 1, 2014

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 471,615	\$ 1,582,927
Prepaid Expense	3,716	10,000
Total Current Assets	475,331	1,592,927
Property and Equipment:		
Office Equipment	5,828	75,088
Less: Accumulated Depreciation	(367)	(57,417)
Net Property and Equipment	5,461	17,671
TOTAL ASSETS	\$ 480,792	\$ 1,610,598
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 21,185	\$ 299,748
Accrued Expense	-	138,749
Unearned Registration Fees	-	101,894
Loans Payable	-	2,093,097
Total Current Liabilities \ Total Liabilities	21,185	2,633,488
Net Assets:		
Unrestricted	350,226	(1,140,404)
Temporarily Restricted	109,381	117,514
Total Net Assets	459,607	(1,022,890)
TOTAL LIABILITIES AND NET ASSETS	\$ 480,792	\$ 1,610,598

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, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE:</u>						
Contributions	\$ 2,434,402	\$ 337,868	\$ 2,772,270	\$ 1,910,224	\$ 342,413	\$ 2,252,637
Royalties	6,224	-	6,224	1,871	-	1,871
Registration Fees	138,286	-	138,286	62,289	-	62,289
Gifts-In-Kind	-	-	-	-	-	-
Miscellaneous Income	(536)	-	(536)	(2,525)	-	(2,525)
Net Assets Released Due To						
Satisfaction Of Restrictions	346,001	(346,001)	-	258,762	(\$258,762)	-
TOTAL SUPPORT AND REVENUE	<u>2,924,377</u>	<u>(8,133)</u>	<u>2,916,244</u>	<u>2,230,621</u>	<u>83,651</u>	<u>2,314,272</u>
<u>EXPENSES:</u>						
Program Services	1,148,592	-	1,148,592	902,567	-	902,567
Management & General	155,447	-	155,447	191,319	-	191,319
Fundraising	129,708	-	129,708	243,251	-	243,251
TOTAL EXPENSES	<u>1,433,747</u>	<u>-</u>	<u>1,433,747</u>	<u>1,337,137</u>	<u>-</u>	<u>1,337,137</u>
CHANGE IN NET ASSETS	1,490,630	(8,133)	1,482,497	893,484	83,651	977,135
NET ASSETS AT BEGINNING OF YEAR	<u>(1,140,404)</u>	<u>117,514</u>	<u>(1,022,890)</u>	<u>(2,033,888)</u>	<u>33,863</u>	<u>(2,000,025)</u>
NET ASSETS AT END OF YEAR	<u>\$ 350,226</u>	<u>\$ 109,381</u>	<u>\$ 459,607</u>	<u>\$ (1,140,404)</u>	<u>\$ 117,514</u>	<u>\$ (1,022,890)</u>

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, 2013 AND 2012

	2013					2012				
	Supporting Services				Total Expenses	Supporting Services				Total Expenses
Program Service	Management & General	Fundraising	Total Supporting	Program Service		Management & General	Fundraising	Total Supporting		
Personnel	\$ 516,656	\$ 63,106	\$ 62,933	\$ 126,039	\$ 490,018	\$ 110,396	\$ 95,213	\$ 205,609	\$ 695,627	
Travel	285,237	10,390	26,688	37,078	192,682	18,203	27,615	45,818	238,500	
Marketing & Media	67,648	6,107	1,040	7,147	67,723	-	(285)	(285)	67,438	
Program Grants	99,975	-	-	-	83,855	-	-	-	83,855	
Conferences & Events	168,118	375	75	450	6,312	-	325	325	6,637	
Office	6,865	9,922	1,644	11,566	37,210	8,609	1,746	10,355	47,565	
Legal & Financial Services	3,902	47,509	854	48,363	2,950	52,088	255	52,343	55,293	
Donor Relations	119	-	15,908	15,908	-	-	20,185	20,185	20,185	
Depreciation	-	18,038	-	18,038	21,585	2,023	-	2,023	23,608	
Interest Expense	72	-	20,566	20,566	232	-	98,197	98,197	98,429	
Other Expense	-	-	-	-	-	-	-	-	-	
Gifts-In-Kind Expense	-	-	-	-	-	-	-	-	-	
Total expenses	\$ 1,148,592	\$ 155,447	\$ 129,708	\$ 285,155	\$ 1,433,747	\$ 191,319	\$ 243,251	\$ 434,570	\$ 1,337,137	

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, 2013 AND 2012

	2013	2012
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,482,497	\$ 977,135
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	18,038	23,608
Interest Added to Loans Payable	20,494	97,965
Interest Forgiven on Loans Payable	(238,581)	
Loss on Disposal of Equipment	-	2,623
Decrease (Increase) in:		
Advances	6,284	(10,000)
(Decrease) Increase in:		
Accounts Payable	(278,563)	10,488
Accrued Expense	(138,749)	116,540
Unearned Registration Income	(101,894)	88,559
Net Cash Provided by Operating Activities	769,526	1,306,918
Cash Flows From Investing Activities:		
Purchases of Property and Equipment	(5,828)	-
Proceeds from Sale of Property and Equipment	-	-
Net Cash Used By Investing Activities	(5,828)	-
Cash Flows From Financing Activities:		
Proceeds from Loan Payable	-	75,010
Payments of Principal on Loans Payable	(1,875,010)	-
Net Cash Provided (Used) By Financing Activities	(1,875,010)	75,010
Net Increase In Cash	(1,111,312)	1,381,928
Cash and Cash Equivalents at Beginning of Year	1,582,927	200,999
Cash and Cash Equivalents at End of Year	\$ 471,615	\$ 1,582,927
Supplemental Disclosures:		
Interest Paid:	\$ 145	\$ 464

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

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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 were approximately 20% and 27% of total support and revenue for the years ended December 31, 2013 and 2012 respectively. Two donors contributed approximately 34% and 54% of total support and revenue for the years ended December 31, 2013 and 2012 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, 2013 AND 2012

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 pledges 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 were no pledges receivable at December 31, 2013 or 2012.

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 2 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.

Gifts-in-Kind

Gifts-in-kind are donated materials and services reflected as contributions in the financial statements at their estimated values on the 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.

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

3. UNEARNED REGISTRATION FEES

Registration for the Global Leadership Forum held in May 2013 was opened in July 2012. Registration fees paid prior to the event were recorded as unearned income. At the conclusion of the event, the unearned income was reclassified to current income.

4. LOANS PAYABLE

In the year ended December 31, 2013, principal payments of \$1,875,010 were made on three loans payable outstanding at December 31, 2012. In addition, two lenders forgave all the interest accrued on their loans in the amount of \$238,531. This resulted in the complete payoff of these loans.

Loans payable at December 31, 2012 consisted of two unsecured notes in the amount of \$900,000 each plus accrued interest due to private parties. The loans were structured as commercial paper maturing within 30 days or less at an interest rate of 5% per year. A third loan was an interest-free advance in the amount of \$75,010 received from an organization that provides accounting services to the Organization.

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 net assets were restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Global Analysis Project	\$ 24,586	\$ 60,889
Consultations	55,614	27,444
Younger Leaders	17,759	17,759
Missionary Balances	<u>11,422</u>	<u>11,422</u>
	<u>\$109,381</u>	<u>\$117,514</u>

6. CONCENTRATION OF CREDIT RISK

At December 31, 2013 bank balances exceeded federal deposit insurance limits by \$82,368.

7. INCOME TAXES

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2013, the Organization believes that all its tax positions would be sustainable upon examination by the appropriate taxing jurisdictions. As of December 31, 2013, the Organization's federal returns for 2010, 2011, and 2012 remain open to examination. In addition, the California return for 2009 remains open for examination.

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2014, the date which the financial statements were available for issue, and has determined that there are no additional adjustments and/or disclosures required.