



LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018





INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Lausanne Committee for World Evangelization d/b/a Lausanne Movement
Orlando, Florida

We have reviewed the accompanying financial statements of Lausanne Committee for World Evangelization d/b/a Lausanne Movement ("the Ministry"), which consist of the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Ministry's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
March 27, 2019

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 411,338	\$ 642,480
Prepaid expenses, deposits, and other assets	71,248	22,348
Total assets	\$ 482,586	\$ 664,828

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 14,513	\$ 13,243
Unearned revenue	296,908	—
Total liabilities	311,421	13,243
NET ASSETS		
Without donor restrictions	76,927	97,127
With donor restrictions	94,238	554,458
Total net assets	171,165	651,585
Total liabilities and net assets	\$ 482,586	\$ 664,828

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
STATEMENTS OF ACTIVITIES

	For The Year Ended December 31, 2018			For The Year Ended December 31, 2017
	Without donor restrictions	With donor restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Contributions without donor restrictions	\$ 726,897	\$ —	\$ 726,897	\$ 856,931
Contributions with donor restrictions	—	169,029	169,029	279,656
Conferences and events	16,265	—	16,265	94,319
Other revenue	51,301	—	51,301	2,028
Net assets released from restrictions	<u>629,249</u>	<u>(629,249)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>1,423,712</u>	<u>(460,220)</u>	<u>963,492</u>	<u>1,232,934</u>
EXPENSES				
Program activities	<u>1,111,482</u>	<u>—</u>	<u>1,111,482</u>	<u>1,038,723</u>
Supporting activities				
Management and general	142,421	—	142,421	106,061
Fundraising	<u>190,009</u>	<u>—</u>	<u>190,009</u>	<u>153,824</u>
Total supporting activities	<u>332,430</u>	<u>—</u>	<u>332,430</u>	<u>259,885</u>
Total expenses	<u>1,443,912</u>	<u>—</u>	<u>1,443,912</u>	<u>1,298,608</u>
Change in net assets without donor restrictions	(20,200)	—	(20,200)	(163,101)
Change in net assets with donor restrictions	<u>—</u>	<u>(460,220)</u>	<u>(460,220)</u>	<u>97,427</u>
CHANGE IN NET ASSETS	(20,200)	(460,220)	(480,420)	(65,674)
NET ASSETS - Beginning of year	<u>97,127</u>	<u>554,458</u>	<u>651,585</u>	<u>717,259</u>
NET ASSETS - End of year	<u>\$ 76,927</u>	<u>\$ 94,238</u>	<u>\$ 171,165</u>	<u>\$ 651,585</u>

See Accompanying Notes and Independent Accountant's Review Report

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018

	Program Activities	Supporting Activities		Total	Total Expenses
		Management and General	Fundraising		
Contracted services	\$ 801,546	\$ 118,339	\$ 190,009	\$ 308,348	\$ 1,109,894
Travel and meals	227,152	—	—	—	227,152
Other expenses	34,775	24,082	—	24,082	58,857
Communications	18,855	—	—	—	18,855
Staff development	17,959	—	—	—	17,959
Supplies	9,780	—	—	—	9,780
Technology	1,415	—	—	—	1,415
Total expenses	\$ 1,111,482	\$ 142,421	\$ 190,009	\$ 332,430	\$ 1,443,912

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2017

	Program Activities	Supporting Activities		Total	Total Expenses
		Management and General	Fundraising		
Contracted services	\$ 670,942	\$ 90,695	\$ 153,824	\$ 244,519	\$ 915,461
Travel and meals	284,738	—	—	—	284,738
Other expenses	26,816	15,366	—	15,366	42,182
Staff development	18,160	—	—	—	18,160
Communications	16,616	—	—	—	16,616
Supplies	14,261	—	—	—	14,261
Scholarships and grants	5,288	—	—	—	5,288
Technology	1,902	—	—	—	1,902
Total expenses	<u>\$ 1,038,723</u>	<u>\$ 106,061</u>	<u>\$ 153,824</u>	<u>\$ 259,885</u>	<u>\$ 1,298,608</u>

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2018	2017
OPERATING CASH FLOWS		
Cash received from contributors	\$ 895,926	\$ 1,136,587
Cash received from conferences and events	313,173	94,319
Other cash received	51,301	2,028
Cash paid for operating activities and costs	(1,491,542)	(1,312,680)
Net operating cash flows	(231,142)	(79,746)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(231,142)	(79,746)
CASH AND CASH EQUIVALENTS - Beginning of year	642,480	722,226
CASH AND CASH EQUIVALENTS - End of year	\$ 411,338	\$ 642,480
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (480,420)	\$ (65,674)
Adjustments to reconcile change in net assets to net operating cash flows		
Change in prepaid expenses, deposits, and other assets	(48,900)	1,549
Change in accounts payable	1,270	(15,621)
Change in unearned revenue	296,908	—
Net operating cash flows	\$ (231,142)	\$ (79,746)

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Lausanne Committee for World Evangelization d/b/a Lausanne Movement (“the Ministry”) is a not-for-profit California corporation. The Ministry’s global vision is:

- The gospel for every person,
- An evangelical church for every people,
- Christ-like leaders for every church, and
- Kingdom impact in every sphere of society.

The Ministry 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 Ministry seeks to be a faithful steward of God’s calling to connect influencers and ideas for global mission. The Ministry desires to serve the global church with a spirit of humility, friendship, prayer, study, partnership, and hope, which Billy Graham called ‘the spirit of Lausanne.’

The Ministry connects influencers across three spheres:

Ideas – The Ministry has over thirty diverse issue networks, each led by Lausanne catalysts and centered around a pressing missional opportunity or challenge. These smaller groups of influencers focus on a critical mission topic like the Gospel and Culture, Children at Risk, and Business as Mission.

Regions – From East Asia to Latin America, and Francophone Africa to the South Pacific, regional directors help facilitate connections for mission and give leadership to Lausanne’s initiatives across 12 continental or sub-continental regions.

Generations – Younger Leaders Gatherings (“YLG”) bring together influential evangelical leaders between the ages of 25 and 35, connecting participants with each other and with other senior global leaders to build up the next generation of influencers.

The Ministry maintains a robust catalog of information on its website (www.lausanne.org), including over forty years of missional content, access to printed publications, opportunities to connect with Ministry networks, identification of upcoming regional and issues-based gatherings, and opportunities to financially support the Ministry’s activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Ministry recognizes cash contributions as revenue when the contributions are received by the Ministry. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as “net assets released from restrictions.”

Cash and cash equivalents

The Ministry considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Ministry is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to California law. The Ministry is further classified as a public charity and not a private foundation for federal tax purposes. The Ministry has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from the estimates.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the functional areas based primarily on time.

New accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities is effective for the Ministry’s financial statements for the year ended December 31, 2018. The ASU requires various changes to the presentation of financial statements of not-for-profit entities, the most significant of which relate to the classifications of net assets, a requirement to report expenses by natural classification as well as by functional classification, and new required disclosures related to an entity’s liquidity and availability of resources. The adoption of the ASU had no effect on the Ministry’s net assets as of December 31, 2018 or 2017 or the change in net assets presented for the year ended December 31, 2017.

Subsequent events

The Ministry has evaluated for possible financial reporting and disclosure subsequent events through March 27, 2019, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Cash and cash equivalents	\$ <u>411,338</u>
Total financial assets available within one year	411,338
Less:	
Amounts unavailable for general expenditure within one year – Missionary balances	_____ <u>(13,052)</u>
Net financial assets available within one year	\$ <u>398,286</u>

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
NOTES TO FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Ministry is primarily supported by contributions. As part of the Ministry’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry has certain donor-restricted net assets that are available for general expenditure within one year of December 31, 2018, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Ministry’s programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditure within one year. The Ministry maintains other net assets for the use of certain missionaries, which are not included. Furthermore, management believes the Ministry has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATIONS

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During 2018 and 2017, approximately 32% and 48% per year, respectively, of the Ministry’s contribution revenue came from a small group of donors. The Ministry hopes and expects to continue its relationship with these significant donors and may be adversely impacted financially if support from these donors were to diminish significantly or cease.

NOTE E – SHARED AND CONTRACTED SERVICES

The Ministry is a party to a services agreement with Campus Crusade for Christ, Inc. (“Cru”) whereby Cru performs certain donation processing services and financial administration services to the Ministry free of charge. Due to immateriality of the amounts involved, the Ministry has not recognized contributed services revenue and expense related to this agreement in the accompanying financial statements.

The Ministry has no employees. Individuals performing services on behalf of the Ministry are seconded to the Ministry under separate agreements with each individual’s employer. The Ministry pays the employing organization a fee for such services, and the expenses associated with the services are classified in the accompanying statements of activities based on the nature of the services provided, and are reported as “contracted services” in the accompanying statements of functional expenses. Such agreements can generally be canceled by either party with proper notice.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following during 2018:

	Balance <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	Balance <u>December 31</u>
Global analysis project	\$ —	\$ 69,204	\$ (11,357)	\$ 57,847
Ministry consultations	212,492	97,275	(286,428)	23,339
Missionary balances	10,502	2,550	—	13,052
Young leaders	<u>331,464</u>	<u>—</u>	<u>(331,464)</u>	<u>—</u>
Total	<u>\$ 554,458</u>	<u>\$ 169,029</u>	<u>\$ (629,249)</u>	<u>\$ 94,238</u>

LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION
D/B/A LAUSANNE MOVEMENT
NOTES TO FINANCIAL STATEMENTS

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consisted of the following during 2017:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Young leaders	\$ 331,826	\$ 10,029	\$ (10,391)	\$ 331,464
Ministry consultations	117,503	266,827	(171,838)	212,492
Missionary balances	<u>7,702</u>	<u>2,800</u>	<u>—</u>	<u>10,502</u>
Total	<u>\$ 457,031</u>	<u>\$ 279,656</u>	<u>\$ (182,229)</u>	<u>\$ 554,458</u>