

**LAUSANNE COMMITTEE  
FOR WORLD EVANGELIZATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**BYEMAN & CLEARY**  
CERTIFIED PUBLIC ACCOUNTANTS

412 W. BROADWAY • SUITE 206 • GLENDALE, CALIFORNIA 91204-1297  
TELEPHONE 818 • 247-3223 • FACSIMILE 818 • 247-9066

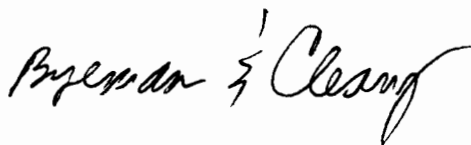
**INDEPENDENT AUDITOR'S REPORT**

Administrative Committee  
Lausanne Committee for World Evangelization  
South Hamilton, Massachusetts

We have audited the accompanying statements of financial position of Lausanne Committee for World Evangelization (a nonprofit organization) as of December 31, 2011 and 2010, 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 audits.

We conducted our audits 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 audits provide 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, 2011 and 2010 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.



January 9, 2013

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2011

	2011	2010
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 200,999	\$ 431,897
Pledges Receivable	-	-
Contributions & Other Receivables	-	104,066
Prepaid Expense	-	18,501
<b>Total Current Assets</b>	<b>200,999</b>	<b>554,464</b>
<b>Property and Equipment:</b>		
Property and equipment	127,106	127,863
Less: accumulated depreciation	(83,204)	(51,991)
<b>Net Property and Equipment</b>	<b>43,902</b>	<b>75,872</b>
<b>TOTAL ASSETS</b>	<b>244,901</b>	<b>630,336</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	289,260	77,091
Accrued Expense	22,209	81,280
Unearned Registration Fees	13,335	-
Loans payable	1,920,122	3,399,200
<b>Total Current Liabilities \ Total Liabilities</b>	<b>2,244,926</b>	<b>3,557,571</b>
<b>Net Assets:</b>		
Unrestricted	(2,033,888)	(2,927,235)
Temporarily restricted	33,863	-
<b>Total Net Assets</b>	<b>(2,000,025)</b>	<b>(2,927,235)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 244,901</b>	<b>\$ 630,336</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, 2011**

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b><u>SUPPORT AND REVENUE:</u></b>						
Contributions	\$ 1,607,245	\$ 801,810	\$ 2,409,055	\$ 330,765	\$ 7,292,103	\$ 7,622,868
Royalties	13,724	-	13,724	2,414	-	2,414
Registration fees	31,525	-	31,525	1,653,441	-	1,653,441
Gifts-in-kind	-	-	-	-	-	-
Miscellaneous income	3,377	-	3,377	(29,986)	-	(29,986)
Net assets released due to satisfaction of restrictions	767,947	(\$767,947)	-	7,402,264	(\$7,402,264)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,423,818</u>	<u>33,863</u>	<u>2,457,681</u>	<u>9,358,898</u>	<u>(110,161)</u>	<u>9,248,737</u>
<b><u>EXPENSES:</u></b>						
Program Services	1,083,023	-	1,083,023	11,324,021	-	11,324,021
Management & General	237,657	-	237,657	317,332	-	317,332
Fundraising	209,791	-	209,791	372,899	-	372,899
<b>TOTAL EXPENSES</b>	<u>1,530,471</u>	<u>-</u>	<u>1,530,471</u>	<u>12,014,252</u>	<u>-</u>	<u>12,014,252</u>
CHANGE IN NET ASSETS	893,347	33,863	927,210	(2,655,354)	(110,161)	(2,765,515)
NET ASSETS AT BEGINNING OF YEAR	<u>(2,927,235)</u>	<u>-</u>	<u>(2,927,235)</u>	<u>(271,881)</u>	<u>110,161</u>	<u>(161,720)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (2,033,888)</u>	<u>\$ 33,863</u>	<u>\$ (2,000,025)</u>	<u>\$ (2,927,235)</u>	<u>\$ -</u>	<u>\$ (2,927,235)</u>

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

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	2011					2010				
	Program Service	Management & General	Fundraising	Total Supporting	Total Expenses	Program Service	Management & General	Fundraising	Total Supporting	Total Expenses
Personnel	\$ 505,501	\$ 126,494	\$ 97,630	\$ 224,124	\$ 729,625	\$ 1,468,200	\$ 38,335	\$ 258,620	\$ 296,955	\$ 1,765,155
Travel	188,710	24,172	10,075	34,247	222,957	6,651,935	102,332	76,996	179,328	6,831,263
Marketing & Media	184,649	3,504	-	3,504	188,153	992,347	7,026	9,822	16,848	1,009,195
Program Grants	83,313	-	-	-	83,313	147,227	-	-	-	147,227
Conferences & Events	54,193	-	-	-	54,193	1,556,467	929	-	929	1,557,396
Office	23,875	11,779	3,698	15,477	39,352	454,056	13,636	956	14,592	468,648
Legal & Financial Services	13,025	66,958	335	67,293	80,318	51,377	91,154	675	91,829	143,206
Donor Relations	-	-	751	751	751	-	-	1,220	1,220	1,220
Depreciation	29,757	4,750	-	4,750	34,507	-	63,920	-	63,920	63,920
Interest Expense	-	-	97,302	97,302	97,302	411	-	24,610	24,610	25,021
Other Expense	-	-	-	-	-	2,001	-	-	-	2,001
Gifts-In-Kind Expense	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 1,083,023</b>	<b>\$ 237,657</b>	<b>\$ 209,791</b>	<b>\$ 447,448</b>	<b>\$ 1,530,471</b>	<b>\$11,324,021</b>	<b>\$ 317,332</b>	<b>\$ 372,899</b>	<b>\$ 690,231</b>	<b>\$ 12,014,252</b>

*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, 2011

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 927,210	\$(2,765,515)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	34,507	63,920
Loss on disposal of equipment	1,398	-
Decrease (Increase) in:		
Advances	-	-
Prepaid Expense	18,501	180,974
Receivables	104,066	285,127
Pledges Receivable	-	-
Increase (Decrease) in:		
Accounts payable	212,169	(121,788)
Accrued Expense	(59,071)	17,712
Unearned Registration Income	13,335	(392,917)
<b>Net cash provided by operating activities</b>	<u>1,252,115</u>	<u>(2,732,487)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,935)	(49,899)
Proceeds from sale of property and equipment	-	-
<b>Net cash used by investing activities</b>	<u>(3,935)</u>	<u>(49,899)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from loan payable	-	3,399,200
Payments of principal on notes payable	(1,479,078)	(250,000)
<b>Net cash provided by financing activities</b>	<u>(1,479,078)</u>	<u>3,149,200</u>
<b>Net (decrease) increase in cash</b>	(230,898)	366,814
Cash and cash equivalents at beginning of year	<u>431,897</u>	<u>65,083</u>
Cash and cash equivalents at end of year	<u>\$ 200,999</u>	<u>\$ 431,897</u>
<b>Supplemental disclosures:</b>		
Interest paid:	<u>\$ 1,790</u>	<u>\$ 3,576</u>

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

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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 56% and 18% of total support and revenue for the years ended December 31, 2011 and 2010 respectively. Two donors contributed approximately 53% and 16% of total support and revenue for the years ended December 31, 2011 and 2010 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, 2011**

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, 2011 or 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.

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. No gifts-in-kind were recorded in the years ended December 31, 2011 or 2010.



**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

3. UNEARNED REGISTRATION FEES

Registration for the Global Theological Education Consultation held in May 2012 was opened in November, 2011. Registration fees received prior to the event were recorded as unearned income. At the conclusion of the Consultation, the unearned income was reclassified to current income.

4. LOANS PAYABLE

The loans payable at December 31, 2011 are unsecured notes due to two private parties. The loans are structured as commercial paper maturing within 30 days or less at an interest rate of 5% per year. The loans and accrued interest have been renewed for additional 30-day terms on the agreement of both parties. Subsequent to December 31, 2011, principal payments of \$600,000 each were made on the remaining notes (a total of \$1,200,000).

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, 2011 and 2010, net assets were restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Global Analysis Project	\$30,800	-
Consultations	70	-
Working Groups	<u>2,993</u>	<u>-</u>
	<u>\$ 33,863</u>	<u>\$ -</u>

6. CONCENTRATION OF CREDIT RISK

At December 31, 2011 and 2010 respectively no bank balances exceeded federal insurance limits. At other times during the year balances in bank accounts may have exceeded insurance limits.

7. NEGATIVE UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2011 are negative \$2,033,888. Management believes that there will be an increase in contribution income in the future. LCWE is continuing a major fundraising drive to retire outstanding obligations from the Third Lausanne Congress on World Evangelization held in Cape Town, South Africa in October, 2010. These obligations were consolidated into four loans at December 31, 2010. Two of these loans were repaid in 2011 and the remaining two loans described in Note 4 are planned to be repaid in 2013. It is expected that a positive position in net assets will be achieved at that time.

**LAUSANNE COMMITTEE FOR WORLD EVANGELIZATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 9, 2013 the date which the financial statements were available to be issued.