



CHRISTIAN WORLD
OUTREACH, INC.

FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2014 and 2013

CHRISTIAN WORLD OUTREACH

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian World Outreach
Littleton, Colorado

We have audited the accompanying financial statements of Christian World Outreach which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 from 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.

Board of Directors
Christian World Outreach
Littleton, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian World Outreach, as of December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Littleton, Colorado
April 14, 2015

CHRISTIAN WORLD OUTREACH

Statements of Financial Position

	December 31,	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash and cash equivalents	\$ 258,586	\$ 206,740
Cash restricted for long-term purposes	334,058	228,751
Gift-in-kind inventory	41,162	138,138
Prepaid expenses	3,478	4,242
Property and equipment–net	<u>998,132</u>	<u>881,846</u>
Total Assets	<u>\$ 1,635,416</u>	<u>\$ 1,459,717</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 13,012</u>	<u>\$ 15,359</u>
Net assets:		
Unrestricted:		
Operating	36,769	87,194
Equity in property and equipment–net	<u>998,132</u>	<u>881,846</u>
	<u>1,034,901</u>	<u>969,040</u>
Temporarily restricted	<u>587,503</u>	<u>475,318</u>
	<u>1,622,404</u>	<u>1,444,358</u>
Total Liabilities and Net Assets	<u>\$ 1,635,416</u>	<u>\$ 1,459,717</u>

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 103,293	\$ 1,114,480	\$ 1,217,773	\$ 67,684	\$ 982,829	\$ 1,050,513
Ministry and other income	58,583	-	58,583	37,153	-	37,153
Gift-in-kind contributions	37,056	-	37,056	146,552	-	146,552
Loss on sale of property and equipment	-	-	-	(14,500)	-	(14,500)
Total Support and Revenue	198,932	1,114,480	1,313,412	236,889	982,829	1,219,718
NET ASSETS RELEASED:						
Purpose restrictions	1,002,295	(1,002,295)	-	828,776	(828,776)	-
EXPENSES:						
Program services	974,533	-	974,533	845,853	-	845,853
Supporting activities:						
Fund-raising	82,551	-	82,551	66,445	-	66,445
Management and general	78,282	-	78,282	85,456	-	85,456
	160,833	-	160,833	151,901	-	151,901
Total Expenses	1,135,366	-	1,135,366	997,754	-	997,754
Change in Net Assets	65,861	112,185	178,046	67,911	154,053	221,964
Net Assets, Beginning of Year	969,040	475,318	1,444,358	901,129	321,265	1,222,394
Net Assets, End of Year	\$ 1,034,901	\$ 587,503	\$ 1,622,404	\$ 969,040	\$ 475,318	\$ 1,444,358

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,046	\$ 221,964
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	59,569	62,209
Loss on sale of property and equipment	-	14,500
Contributions restricted for long-term purposes	(326,282)	(217,466)
Change in operating assets and liabilities:		
Gift-in-kind inventory	96,976	(120,343)
Prepaid expenses	764	11,780
Accounts payable and accrued expenses	(2,347)	(13,017)
Net Cash Provided (Used) by Operating Activities	6,726	(40,373)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(175,855)	(65,439)
Proceeds from sale of investments	-	164,957
Net Cash Provided (Used) by Investing Activities	(175,855)	99,518
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	326,282	217,466
Change in cash restricted for long-term purposes	(105,307)	(133,061)
Net Cash Provided by Financing Activities	220,975	84,405
Change in Cash and Cash Equivalents	51,846	143,550
Cash and Cash Equivalents, Beginning of Year	206,740	63,190
Cash and Cash Equivalents, End of Year	\$ 258,586	\$ 206,740

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2014 and 2013

1. NATURE OF ORGANIZATION:

Christian World Outreach (CWO) is a not-for-profit corporation. CWO helps people in developing countries improve their quality of life by reaching out to those who are shunned, forgotten, or marginalized by society. The mission of CWO is to participate with the body of Christ in responsible evangelism; to bring dignity, self worth, and encouragement through leadership development; and to meet the physical needs of people through humanitarian assistance.

CWO is recognized as an official non-governmental organization (NGO) in Burkina Faso, Haiti, and Zambia. Operations in Zimbabwe are recognized as a local organization under the CWO umbrella. These financial statements include the assets, liabilities, net assets, revenue, and expenses of the operations in these countries.

CWO is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. The primary source of support and revenue for CWO is contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CWO uses estimates and assumptions in preparing financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes petty cash, checking accounts, and money market accounts. These accounts may, at times, exceed federally insured limits. CWO has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk regarding cash and cash equivalents.

CASH RESTRICTED FOR LONG-TERM PURPOSES

Cash restricted for long-term purposes consists of contributions that are donor-restricted for building-related expenses that have not been released. As of December 31, 2014 and 2013, the balance was held on deposit at a financial institution.

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of donated merchandise such as food, clothing, and miscellaneous items used in field operations. All such inventory is recorded at its estimated fair value at the date of donation.

PROPERTY AND EQUIPMENT—NET

Property and equipment are stated at cost, or if donated, at the fair market value on the date of the gift. CWO capitalizes all fixed assets greater than \$2,000. Depreciation is computed on the straight-line basis over the estimated useful lives, ranging from three to thirty years.

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets include resources that are available to support CWO's current operations, as well as equity in property and equipment—net.

Temporarily restricted net assets are comprised of donor-restricted contributions for the support of projects and ministries.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to CWO. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until funds have been expended by CWO for the purpose specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donated assets are recorded as gift-in-kind revenue at their estimated fair value on the date of donation.

Ministry and other income are recognized when earned.

Expenses are recognized when an obligation is incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as payroll, relating to more than one function have been allocated among the program services and supporting activities benefited.

FOREIGN OPERATIONS

In connection with its foreign fields, CWO has certain supporting facilities outside the United States. The account balances relating to foreign operations are reflected in the financial statements in United States dollars. As of December 31, 2014 and 2013, assets in other countries totaled \$1,029,296 and \$859,622, respectively, and there were no liabilities in other countries. Support and revenue received from foreign sources totaled \$17,573 and \$15,566, for the years ended December 31, 2014 and 2013, respectively.

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2014, CWO had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CWO is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for the years prior to 2011.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net as of December 31, 2014, consist of:

	<u>United States</u>	<u>Foreign Fields</u>	<u>Total</u>
Land	\$ -	\$ 154,347	\$ 154,347
Buildings and improvements	-	888,273	888,273
Vehicles	-	176,372	176,372
Furniture and equipment	13,385	76,718	90,103
Leasehold improvements	55,832	-	55,832
Website development	5,300	-	5,300
	<u>74,517</u>	<u>1,295,710</u>	<u>1,370,227</u>
Less accumulated depreciation and amortization	<u>(34,681)</u>	<u>(570,575)</u>	<u>(605,256)</u>
	39,836	725,135	764,971
Construction in process	<u>-</u>	<u>233,161</u>	<u>233,161</u>
	<u>\$ 39,836</u>	<u>\$ 958,296</u>	<u>\$ 998,132</u>

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2014 and 2013

3. PROPERTY AND EQUIPMENT–NET, continued:

Property and equipment–net as of December 31, 2013, consist of:

	United States	Foreign Fields	Total
Land	\$ -	\$ 154,347	\$ 154,347
Buildings and improvements	-	864,064	864,064
Vehicles	-	176,372	176,372
Furniture and equipment	14,146	75,544	89,690
Leasehold improvements	55,832	-	55,832
Website development	5,300	-	5,300
	75,278	1,270,327	1,345,605
Less accumulated depreciation and amortization	(32,793)	(515,105)	(547,898)
	42,485	755,222	797,707
Construction in process	-	84,139	84,139
	\$ 42,485	\$ 839,361	\$ 881,846

Depreciation and amortization expense was \$59,569 and \$62,209, for the years ended December 31, 2014 and 2013, respectively.

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of the organization. While such items are recognized as assets of the organization, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while CWO believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the asset be sold.

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Notes to Financial Statements

December 31, 2014 and 2013

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2014	2013
Zimbabwe	\$ 321,130	\$ 294,444
Haiti	131,337	95,203
Burkina Faso	100,542	55,699
Zambia	19,432	15,784
Staff, missionary support, and other	15,062	14,188
	<u>\$ 587,503</u>	<u>\$ 475,318</u>

5. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions consist of:

	Year Ended December 31,	
	2014	2013
Rent	\$ 28,630	\$ 22,495
Other	8,426	5,335
Food	-	95,796
Clothing	-	22,926
	<u>\$ 37,056</u>	<u>\$ 146,552</u>

6. CONDITIONAL GRANT RECEIVABLE:

During the year ended December 31, 2014, CWO received notice of a \$50,000 conditional grant, which was to be received for a building project once CWO raised an additional \$111,000. As of December 31, 2014, \$89,031 had been received towards this grant. The grant has not been recorded as a receivable as of year end because receipt of the funds is contingent upon future events. Subsequent to December 31, 2014, CWO raised the remaining \$21,969 and the \$50,000 grant was received.

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2014 and 2013

7. OPERATING LEASES:

CWO leases copying equipment. Total rent expense was \$8,256 and \$9,162 for the years ended December 31, 2014 and 2013, respectively. Future minimum payments are:

<u>Year Ending December 31,</u>		
2015	\$	5,842
2016		5,842
2017		5,782
2018		5,482
2019		4,560
		<hr/>
	\$	<u>27,508</u>

8. DONOR CONCENTRATION:

During the years ended December 31, 2014 and 2013, CWO received contributions from one donor that totaled \$273,900 and \$236,000, respectively. The gifts accounted for approximately 21% and 19% of total support and revenue for the years ended December 31, 2014 and 2013, respectively.

9. RELATED PARTY TRANSACTIONS:

The chairman of CWO's board is the vice president of a bank where, as of December 31, 2013, \$145,176 of cash and cash equivalents were held. There was no related party relationship as of December 31, 2014.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.