



CHRISTIAN WORLD
OUTREACH, INC.

FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2015 and 2014

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, 2015 and 2014, 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 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 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, 2015 and 2014, 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

Centennial, Colorado
April 15, 2016

CHRISTIAN WORLD OUTREACH

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 365,846	\$ 258,586
Cash restricted for long-term purposes	140,276	334,058
Gift-in-kind inventory	16,791	41,162
Prepaid expenses	5,696	3,478
Property and equipment–net	1,271,265	998,132
Total Assets	\$ 1,799,874	\$ 1,635,416
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 18,233	\$ 13,012
Net assets:		
Unrestricted:		
Operating	84,621	36,769
Equity in property and equipment–net	1,271,265	998,132
	1,355,886	1,034,901
Temporarily restricted	425,755	587,503
	1,781,641	1,622,404
Total Liabilities and Net Assets	\$ 1,799,874	\$ 1,635,416

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 243,330	\$ 740,404	\$ 983,734	\$ 103,293	\$ 1,114,480	\$ 1,217,773
Gift-in-kind contributions	66,708		66,708	37,056	-	37,056
Ministry and other income	54,897	-	54,897	58,583	-	58,583
Total Support and Revenue	364,935	740,404	1,105,339	198,932	1,114,480	1,313,412
NET ASSETS RELEASED:						
Purpose restrictions	902,152	(902,152)	-	1,002,295	(1,002,295)	-
EXPENSES:						
Program services	762,076	-	762,076	974,533	-	974,533
Supporting activities:						
Fund-raising	104,161	-	104,161	82,551	-	82,551
Management and general	79,865	-	79,865	78,282	-	78,282
	184,026	-	184,026	160,833	-	160,833
Total Expenses	946,102	-	946,102	1,135,366	-	1,135,366
Change in Net Assets	320,985	(161,748)	159,237	65,861	112,185	178,046
Net Assets, Beginning of Year	1,034,901	587,503	1,622,404	969,040	475,318	1,444,358
Net Assets, End of Year	\$ 1,355,886	\$ 425,755	\$ 1,781,641	\$ 1,034,901	\$ 587,503	\$ 1,622,404

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 159,237	\$ 178,046
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	52,857	59,569
Contributions restricted for long-term purposes	(132,529)	(326,282)
Change in operating assets and liabilities:		
Gift-in-kind inventory	24,371	96,976
Prepaid expenses	(2,218)	764
Accounts payable and accrued expenses	5,221	(2,347)
Net Cash Provided by Operating Activities	106,939	6,726
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(325,990)	(175,855)
Net Cash Used by Investing Activities	(325,990)	(175,855)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	132,529	326,282
Change in cash restricted for long-term purposes	193,782	(105,307)
Net Cash Provided by Financing Activities	326,311	220,975
Change in Cash and Cash Equivalents	107,260	51,846
Cash and Cash Equivalents, Beginning of Year	258,586	206,740
Cash and Cash Equivalents, End of Year	\$ 365,846	\$ 258,586

See notes to financial statements

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014

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 of America. The account balances relating to foreign operations are reflected in these financial statements in United States dollars. As of December 31, 2015 and 2014, assets in other countries totaled \$1,294,015 and \$1,029,288, respectively, and there were no liabilities in other countries. Support and revenue received from foreign sources totaled \$14,959 and \$17,573, for the years ended December 31, 2015 and 2014, respectively.

CHRISTIAN WORLD OUTREACH

Notes to Financial Statements

December 31, 2015 and 2014

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, 2015, 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 2012.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net as of December 31, 2015, consist of:

	<u>United States</u>	<u>Foreign Fields</u>	<u>Total</u>
Land	\$ -	\$ 154,347	\$ 154,347
Buildings and improvements	-	1,010,408	1,010,408
Vehicles	-	169,372	169,372
Furniture and equipment	13,385	88,378	101,763
Leasehold improvements	55,832	-	55,832
Website development	5,300	-	5,300
	<u>74,517</u>	<u>1,422,505</u>	<u>1,497,022</u>
Less accumulated depreciation and amortization	<u>(38,335)</u>	<u>(612,778)</u>	<u>(651,113)</u>
	36,182	809,727	845,909
Construction in process	-	425,356	425,356
	<u>\$ 36,182</u>	<u>\$ 1,235,083</u>	<u>\$ 1,271,265</u>

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Notes to Financial Statements

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3. PROPERTY AND EQUIPMENT–NET, continued:

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

	United States	Foreign Fields	Total
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
	74,517	1,295,710	1,370,227
Less accumulated depreciation and amortization	(34,681)	(570,575)	(605,256)
	39,836	725,135	764,971
Construction in process	-	233,161	233,161
	\$ 39,836	\$ 958,296	\$ 998,132

Depreciation and amortization expense was \$52,857 and \$59,569, for the years ended December 31, 2015 and 2014, 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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4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2015	2014
Zimbabwe	\$ 208,415	\$ 321,130
Haiti	121,757	131,337
Burkina Faso	49,167	100,542
Zambia	31,232	19,432
Staff, missionary support, and other	15,184	15,062
	<u>\$ 425,755</u>	<u>\$ 587,503</u>

5. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions consist of:

	Year Ended December 31,	
	2015	2014
Rent	\$ 37,833	\$ 28,630
Ministry supplies and other	28,875	8,426
	<u>\$ 66,708</u>	<u>\$ 37,056</u>

6. OPERATING LEASES:

CWO leases copying equipment. Total rent expense was \$6,289 and \$8,256 for the years ended December 31, 2015 and 2014, respectively. Future minimum payments are:

<u>Year Ending December 31,</u>	
2016	\$ 5,866
2017	5,802
2018	5,482
2019	4,560
	<u>\$ 21,710</u>

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7. DONOR CONCENTRATION:

During the year ended December 31, 2014, CWO received contributions from one donor that totaled \$273,900, which constitutes approximately 21% of total support and revenue. There was no such concentration during the year ended December 31, 2015.

8. 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.