



CALEB

COMPANY

Financial Statements
and
Independent Auditors' Report

For the Year Ended December 31, 2018

	<u>Page</u>
Independent Auditors' Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6



Smith Marion & Co. · Certified Public Accountants

Brentwood Office · 5141 Virginia Way, Suite 400 · Brentwood, TN 37027 · (615) 309-8959

Board of Directors
Caleb Company
Thompson Station, TN

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Caleb Company, which comprises the statement of financial position as of December 31, 2018 and the related statements of activities, cash flows, and functional expenses for the year 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

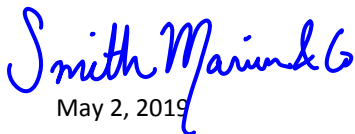
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Caleb Company as of December 31, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


May 2, 2019

www.SMCoCPA.com

Brentwood, TN • Lake Arrowhead, CA • Redlands, CA

Caleb Company
Statement of Financial Position
December 31, 2018

ASSETS

Current Assets

Cash	\$	268,823
Undeposited funds		76,448
Inventory		0
Total Current Assets		345,271

Non-current Assets

Capital assets (net)		1,128,620
Total Non-current Assets		1,128,620

TOTAL ASSETS	\$	1,473,891
---------------------	-----------	------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable		13,075
Accrued expenses		9,355
Deferred revenues		20,602
Current portion of debt		45,731
Total Current Liabilities		88,763

Long Term Liabilities

Debt noncurrent portion		709,835
Total Long Term Liabilities		709,835

Net Assets

Without donor restrictions		675,293
With donor restrictions		-
Total Net Assets		675,293

TOTAL LIABILITIES AND NET ASSETS	\$	1,473,891
---	-----------	------------------

Caleb Company

Statement of Activities

For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restricted	Total
PUBLIC SUPPORT			
Individual contributions	\$ 587,072	\$ -	\$ 587,072
Ministry contributions	60,958	-	60,958
Foundtion contributions	13,380	-	13,380
Fundraising events	64,126	-	64,126
Total Public Support	<u>725,536</u>	<u>-</u>	<u>725,536</u>
REVENUE			
Rental income	22,022	-	22,022
Training and ministry programs	15,936	-	15,936
Merchandise sales	1,272	-	1,272
Retreats and tours	-	-	-
Other	2,559	-	2,559
Interest income	1,783	-	1,783
	<u>43,572</u>	<u>-</u>	<u>43,572</u>
Net Assets Release from Restriction	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>769,108</u>	<u>-</u>	<u>769,108</u>
EXPENSES			
Program services	683,847	-	683,847
Management and general	80,513	-	80,513
Fundraising	19,828	-	19,828
TOTAL EXPENSE	<u>784,188</u>	<u>-</u>	<u>784,188</u>
Change in net assets	<u>(15,080)</u>	<u>-</u>	<u>(15,080)</u>
Beginning net assets	690,373	-	690,373
Ending net assets	<u>\$ 675,293</u>	<u>\$ -</u>	<u>\$ 675,293</u>

Caleb CompanyStatement of Cash Flow
For the year ended December 31, 2018**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets \$ (15,080)

Adjustments to reconcile change in net assets to net Cash**Used by operating activities:****Non-cash items:**

Depreciation 33,239

(Increase) Decrease in accounts receivable and undeposited funds (62,094)

(Increase) Decrease in inventory and other assets 4,225

Increase (Decrease) in accounts payable (2,345)

Increase (Decrease) in deferred revenues 20,602

Increase (Decrease) in accrued expenses 4,587

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (16,866)**CASH FLOWS FROM INVESTING ACTIVITIES**Acquisition of additional capital assets (21,098)**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** (21,098)**CASH FLOWS FROM FINANCING ACTIVITIES**Current and long term debt payments (86,811)**NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES** (86,811)

Net increase (decrease) in cash (124,775)

Beginning cash 393,598**Ending cash and cash equivalents** \$ 268,823Interest expense for the year amounted to: \$ 34,184

Caleb Company

Statement of Functional Expenses
For the year ended December 31, 2018

	Program	Mgt and General	Fund Raising	Total
Salary and payroll taxes	\$ 149,353	\$ 22,577	\$ 1,737	\$ 173,666
Benefits	20,701	3,129	241	24,071
Total Payroll	170,054	25,706	1,977	197,737
Grants and assistance	32,758	-	-	32,758
Contract labor	93,678	14,161	1,089	108,928
Professional services	6,179	934	72	7,185
Advertising and promotion	11,305	-	7,112	18,417
Office expenses	80,918	13,237	4,333	98,488
Information technology	6,842	1,119	366	8,327
Occupancy	127,357	9,397	3,076	139,830
Travel	90,382	13,662	1,051	105,095
Interest expense	31,135	2,297	752	34,184
Total before depreciation	650,608	80,513	19,828	750,949
Depreciation	33,239	-	-	33,239
Total functional expenses	\$ 683,847	\$ 80,513	\$ 19,828	\$ 784,188

Note 1 – Nature of Activities

The terms "we", "us", or "our" are used throughout these notes to the financial statements to identify The Caleb Company, a nonprofit organization. The Caleb Company is a prayer-centered community called to honor Israel and empower leaders to transform nations.

Dr. Don Finto founded our nonprofit ministry in 1996. We have since grown into a thriving community with facilities and staff in Nashville, Tennessee. Following Don's footsteps, Tod McDowell became director of The Caleb Company in 2010.

Our mission is to equip God's people with His heart and purpose for Israel and the nations. We fulfill this mission through three primary areas: teaching and speaking, training and equipping, and creating resources.

Overview of Caleb Company Programs:**Teaching and Speaking**

We highly value ministering to the poor, the lost, and the broken of the nations. We have taken teams to Israel, Jordan, Lebanon, India, and multiple nations in Africa. Outreach types vary from manual labor and service to building relationships and evangelism. In 2016, we sent several teams of alumni staff and tour participants not only to Israel, but also to Nigeria, Kenya, Philippines, Cypress, Jordan, Australia, and various places throughout the United States.

We also partnered with a large community of over 200 poverty-stricken holocaust survivors in Israel, where we gave aid and shared Jesus with them. We take teams to work with Africa and Middle Eastern refugees in Israel, and to single mothers and new immigrants as well. We are consistently building new relationships with unbelievers in Israel and the nations - taking advantage of every opportunity we have to share Jesus.

We have spoken in dozens of conferences, training schools, churches and seminaries across the United States and around the world including these nations: Israel, Lebanon, Philippines, Ethiopia, Egypt, Kenya, Uganda, Mozambique, South Africa, South Korea, Singapore, Ukraine, Spain, Poland, Germany, Austria, Cyprus, France, Australia, New Zealand, Netherlands, Norway, Switzerland, Italy, Turkey, Brazil, Argentina, Mexico, England, and Canada.

Training and Equipping

We have conducted eight training schools along with two Ministry Schools and two Extended Internships in Nashville, Israel, and Lebanon. We have had over eighty students and interns that have become teachers, businessmen entrepreneurs, missionaries, and served on political campaigns. We have held five intensive training seminars in Nashville. Among the over seventy participants were many significant and influential ministry and business leaders from across the nation.

Creating Resources

The resources we created that further our mission include three books, "Your People Shall Be My People," "God's Promise and the Future of Israel," and "Prepare! For the End Times Harvest". "Your People Shall Be My People" is now in nineteen languages distributed around the world. "God's Promise and the Future of Israel" is translated into five languages. We also have produced training school manuals, audio and video recordings, and a study guide for the book, "Your People Shall Be My People."

Note 2 – Summary of Significant Accounting Policies and Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly our net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets not subject to donor-imposed stipulations.

With Donor

Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2018, we had no cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight-line basis *over* the estimated useful lives of the respective assets. Purchases or donations of equipment *over* \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2018, no assets were considered to be impaired.

Revenue

We receive contributions from the general public and grants from private organizations to fund our operations. We recognize this revenue as it is received or promised to us.

Contributions Receivable

Unconditional promises to give (pledges) are recognized as contribution revenue when the donor's commitment is received. Pledges with payments due to us in future periods are recorded as increases in temporarily restricted or permanently restricted net assets at the estimated present value of future cash flows, net of an allowance for estimated uncollectible promises. Allowance is made for uncollectible contributions receivable based upon our analysis of past collection experience and other judgmental factors. As of December 31, 2018, we had no contributions receivable.

Intentionally Left Blank

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Advertising

Costs for marketing efforts typically consist of educational material for the public and are expensed as incurred.

Fair Values of Financial Instruments

The carrying values of current assets, and current liabilities approximate fair values due to the short maturities of these instruments.

The fair values of long-term debt approximate the carrying amounts and are estimated based on current rates offered to us.

Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2018. As of May 2, 2019, the date the financial statements were available to be issued, no events subsequent to the Statement of Financial Position date are considered necessary to be included in the financial statements for the year ended December 31, 2018.

Intentionally Left Blank

Note 3 – Long Term Debt

Long-term debt at December 31, 2018, consists of the following:

Mortgage note payable to one individual with a maturity of March 7, 2021.
Monthly payment of up to \$2,448 are required with interest at 2.5%. The note is collateralized by the real property. \$ 376,157

Mortgage note payable to Pinnacle Bank with a maturity of May 9, 2036.
Monthly payment of up to \$2,778 are required with interest at 4.25%. The note is collateralized by the real property. 379,409

Total \$ 755,566

<u>Year Ending December 31,</u>			
2017		\$	45,731
2018			46,440
2019			328,284
2020			16,298
2021			17,166
Thereafter			<u>301,647</u>
		<u>\$</u>	<u><u>755,566</u></u>

Note 4 – Liquidity

Financial assets available 5, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash		\$	268,823
Undeposited funds			<u>76,448</u>
		<u>\$</u>	<u><u>345,271</u></u>

Intentionally Left Blank

Note 5 – Fixed Assets

At December 31, 2018 fixed assets consisted of the following:

	12/31/17		12/31/18	
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Building and improvements	879,335	18,157	-	897,492
Vehicles	15,374	-	-	15,374
Office furniture and equip.	26,144	2,942	-	29,086
Equipment	44,469	-	-	44,469
Total Capital Assets	1,365,322	21,099	-	1,386,421
Accumulated depreciation	(224,562)	(33,239)	-	(257,801)
Net Capital Assets	<u>\$ 1,140,760</u>	<u>\$ (12,140)</u>	<u>\$ -</u>	<u>\$ 1,128,620</u>

Note 6 – Related Party Transactions

We received \$22,022 in rental income from the Executive Director and staff members in 2018 for rent of the house on The Caleb Company's property. The lease is month to month and therefore no future maturities of rent income have been disclosed.

* * * * *