

2017

Financial Statements

The Caleb Company

Financial Statements

December 31, 2017

(with Independent Auditor's Report Thereon)

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Financial Statements

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Terry Hendrixson, CPA
Certified Public Accountant

To the Board of Directors
The Caleb Company

We have audited the accompanying financial statements of The Caleb Company (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flows 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; the includes 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.

Auditor's 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 auditor's judgement, including 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 opinion on internal control. An audit also includes evaluating the appropriateness of the 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 The Caleb Company as of December 31, 2017 and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United State of America.



July, 17, 2018

THE CALEB COMPANY
STATEMENT
OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current Assets

Cash	\$407,952	
Accounts Receivable	0	
Prepaid Expenses	0	
Inventory	<u>4,225</u>	
Total current assets		\$412,177

Property and Equipment

Land	400,000	
Buildings and Improvements	879,335	
Computer Equipment	44,470	
Furniture, Fixtures and other equipment	26,144	
Vehicles	<u>15,374</u>	
Total property and equipment cost	1,365,323	
Less accumulated depreciation	<u>-224,562</u>	
Property and equipment -net		<u>1,140,761</u>

Total Assets \$1,552,938

LIABILITIES AND NET ASSETS

Current Liabilities

Current installments of long-term debt	28,651	
Accounts payable	15,419	
Accrued liabilities	4,768	
Total current liabilities		<u>\$48,838</u>

Long-term debt less current installments 813,727
Total liabilities 862,565

Net Assets

Unrestricted	690,373	
Total net assets		<u>690,373</u>
Total liabilities and net assets		<u><u>\$1,552,938</u></u>

See accompanying notes to financial statements

THE CALEB COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Public Support:				
Individual contributions	\$652,239	\$	\$	\$652,239
Ministry contributions	60,336			60,336
Foundation contributions	10,717			10,717
Fundraising Events	187,957			187,917
Total Public Support	<u>\$911,249</u>			<u>\$911,209</u>
Revenue:				
Rental income	46,979			46,979
Training and Ministry Programs	87,580			87,580
Merchandise Sales	3,686			3,686
Retreats and Tours	10,730			10,730
Other revenue	6,301			6,301
Interest income	8			8
Total Revenue	<u>155,284</u>			<u>155,284</u>
Total public support and revenue	<u>\$1,066,533</u>			<u>\$1,066,493</u>
Expenses:				
Program Services	812,272			812,272
Management and general	72,701			72,701
Fundraising	23,214			23,214
Total Expenses	<u>908,187</u>			<u>908,187</u>
Increase in net assets	\$158,346			\$158,306
Net assets - beginning of the year	<u>532,026</u>			<u>532,026</u>
Net assets - end of the year	<u>\$690,372</u>			<u>\$690,372</u>

See accompanying notes to financial statements

THE CALEB COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED December 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	228,150	18,823	6340	\$253,313
Staff Benefits	13,500	1,500		15,000
Grants and assistance	39,004			39,004
Contract Labor	120,852	13,817	375	135,044
Professional Services	159	16,582		16,741
Advertising and Promotion	7,515		14,760	22,275
Office Expenses	53,566	13,407	61	67,034
Information Technology	9,830	201		10,031
Occupancy	125,310	6,595		131,905
Travel	184,183	186	1,678	186,047
Depreciation	30,203	1,590		31,793
	<u>\$812,272</u>	<u>\$72,701</u>	<u>\$23,214</u>	<u>\$908,187</u>

See accompanying notes to financial statements

THE CALEB COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED December 31, 2017

Cash Flow from Operating Activities:		
Increase in net assets		\$158,346
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	31,793	
Changes in:		
Accounts Receivable	305	
Prepaid Expenses	2,800	
Accounts Payable	8,456	
Accrued Expenses	-9,945	
Payroll Liabilities	376	
Due from related party	<u>-2,250</u>	
		<u>31,535</u>
		\$189,881
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-49,182</u>	
Net cash used for investing activities		-49,182
Cash flow from Financing activities:		
Payments on notes payables	<u>-33,818</u>	
Net cash used in financing activities		-33,818
Net increase in cash		\$106,881
Cash at the beginning of the year		<u>301,071</u>
Cash at the end of the year		<u><u>\$407,952</u></u>

Supplemental Cash Flow Information

Total interest paid for the year ended December 31, 2017 was \$29,049.

THE CALEB COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 African 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."

THE CALEB COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - Summary of Significant Accounting Policies

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:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of December 31, 2016.

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, 2017, we had no cash equivalents.

Inventory

Inventories of books are carried at cost using the first-in, first-out method of costing.

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, 2017, 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.

THE CALEB COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 - Summary of Significant Accounting Policies (continued)

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, 2017, we had no contributions receivable.

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.

THE CALEB COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 - Long-term Debt

Long-term debt at December 31, 2017, consists of the following:

Mortgage note payable to one individual with a maturity of March 7, 2021. Monthly payments of up to \$2,448 are required with interest at 2.5%. The note is collateralized by the real property.	\$ 419,141
Mortgage note payable to Pinnacle Bank with a maturity through May 9, 2036. Monthly payments of \$2,778 are required with interest at 4.25%. The note is collateralized by the real property.	423,237
	842,378
Less: current maturities	(28,651)
	\$ 813,727

The following is a list of future maturities:

<u>Year ending December 31,</u>	
2018	\$ 45,052
2019	45,731
2020	46,440
2021	339,661
Thereafter	336,843
Total	\$ 813,727

NOTE 4 - Lease Agreements

We lease a copier and office space under leases classified as operating leases. The office space, which is located in Israel, was rented for \$38,425 in 2017. This lease agreement is in the name of a board member, See NOTE 6. Total rental expense for the year ended December 31, 2017, was \$38,425.

In February 2016, we extended our lease agreement through February 2017 for an apartment in Jerusalem, Israel. Under this lease, the monthly rent is 10,078 Israeli New Shekel (ILS). At December 31, 2017, the conversion rate for the Israeli New Shekel (NIS) to U.S. dollars was 0.2833. The future lease obligation was calculated using this rate for monthly rent of \$3,003.

Future minimum payments for these leases are as follows:

<u>Year ending December 31,</u>	
2018	\$ 5,686

NOTE 5 - Concentration of Credit Risk

At December 31, 2017, we owed 100% of all payables to three entities.

THE CALEB COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - Related Party Transactions

As discussed in NOTE 4, we paid \$38,425 for rent expense, on behalf of a board member, for an apartment in Jerusalem, which is used in our work in Israel.

We received \$10,200 in rental income from the Executive Director in 2017 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. Total rental income as of December 31, 2017, was \$46,979.

We pay royalties of 20% of profits to a related party for books sold by the Organization. At December 31, 2017, we owed \$0 of royalties to a related party.

NOTE 7 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2017. As of July 17, 2018, 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, 2017.