

**2014**  
**Financial Statements**  
**With**  
**Auditor's Letters**

**THE CALEB COMPANY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

(With Independent Auditor's Report Thereon)

**THE CALEB COMPANY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



**PATTERSON, HARDEE & BALLENTINE, P.C.**

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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, 2014, 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; 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.

**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 of 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.

**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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Patterson Hardee & Ballentine*

March 23, 2015

**THE CALEB COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

<b>Current Assets:</b>	
Cash	\$ 109,838
Accounts receivable	1,418
Prepaid expenses	<u>4,400</u>
Total current assets	\$ 115,656
 <b>Property and Equipment:</b>	
Land	225,000
Building and improvements	478,378
Computer equipment	42,220
Furniture, fixtures and other equipment	17,445
Vehicles	15,374
Construction in process	<u>7,401</u>
	785,818
Less: accumulated depreciation	<u>(141,487)</u>
	<u>644,331</u>
	<u><u>\$ 759,987</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Current installments of long-term debt	\$ 493,886
Accounts payable	14,479
Payroll liabilities	<u>3,613</u>
Total current liabilities	<u>\$ 511,978</u>
Total liabilities	511,978
 <b>Net Assets:</b>	
Unrestricted	<u>248,009</u>
Total unrestricted net assets	<u>248,009</u>
	<u><u>\$ 759,987</u></u>

See accompanying notes to financial statements.

**THE CALEB COMPANY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>				
Public support:				
Individual contributions	\$ 459,530	\$ -	\$ -	\$ 459,530
Ministry contributions	135,656	-	-	135,656
Foundation contributions	9,300	-	-	9,300
Loss on sale of stock	(119)	-	-	(119)
Loss on currency conversion	(1,145)	-	-	(1,145)
Net assets released from restriction	12,983	(12,983)	-	-
<b>Total public support</b>	<u>616,205</u>	<u>(12,983)</u>	<u>-</u>	<u>603,222</u>
<b>Revenue:</b>				
Training income	35,137	-	-	35,137
Rental income	34,503	-	-	34,503
Retreats and tours	78,060	-	-	78,060
Merchandise sales	2,099	-	-	2,099
Other income	4,965	-	-	4,965
<b>Total revenue</b>	<u>154,764</u>	<u>-</u>	<u>-</u>	<u>154,764</u>
<b>Total public support and revenue</b>	<u>770,969</u>	<u>(12,983)</u>	<u>-</u>	<u>757,986</u>
<b>Expenses:</b>				
Program services	530,992	-	-	530,992
Management and general	176,612	-	-	176,612
Fundraising	23,278	-	-	23,278
<b>Total expenses</b>	<u>730,882</u>	<u>-</u>	<u>-</u>	<u>730,882</u>
<b>Increase (decrease) in net assets</b>	40,087	(12,983)	-	27,104
<b>Net assets - beginning of year</b>	<u>207,922</u>	<u>12,983</u>	<u>-</u>	<u>220,905</u>
<b>Net assets - end of year</b>	<u>\$ 248,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,009</u>

See accompanying notes to financial statements.

**THE CALEB COMPANY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 70,340	\$ 35,170	\$ 11,723	\$ 117,233
Repairs and maintenance	1,961	13,250	-	15,211
Rental expense	33,344	7,474	-	40,818
Meals and entertainment	14,882	-	-	14,882
Merchandise expense	11,623	-	-	11,623
Advertising	-	-	2,143	2,143
Professional fees	-	6,394	-	6,394
Office expense	1,621	6,482	-	8,103
Tithing expense	54,076	-	-	54,076
Honorariums	2,655	-	-	2,655
Information technology	563	3,055	-	3,618
Utilities	12,554	5,381	-	17,935
Travel	209,488	-	-	209,488
Contract labor	56,468	28,235	9,412	94,115
Interest	-	12,558	-	12,558
Housing	40,729	13,576	-	54,305
Depreciation	-	21,903	-	21,903
Insurance	-	15,482	-	15,482
Property taxes	4,410	3,035	-	7,445
Telephone	7,478	-	-	7,478
Miscellaneous	2,523	2,524	-	5,047
Bank charges	6,277	2,093	-	8,370
	<u>\$ 530,992</u>	<u>\$ 176,612</u>	<u>\$ 23,278</u>	<u>\$ 730,882</u>

See accompanying notes to financial statements.

**THE CALEB COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Cash Flows From Operating Activities:</b>		
Increase in net assets		\$ 27,104
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 21,903	
Realized loss on sale of stock	119	
Changes in:		
Accounts receivable	1,482	
Contributions receivable	9,063	
Prepaid expenses	(2,722)	
Asset whose use is limited	12,983	
Accounts payable	8,328	
Deferred revenue	(850)	
Total adjustments		<u>50,306</u>
Net cash provided by operating activities		77,410
Cash Flows From Investing Activities:		
Proceeds from sale of stock	2,502	
Purchase of property and equipment	<u>(13,820)</u>	
Net cash used in investing activities		(11,318)
Cash Flows From Financing Activities:		
Payments on note payable	<u>(11,442)</u>	
Net cash used in financing activities		<u>(11,442)</u>
Net increase in cash		54,650
Cash - beginning of year		<u>55,188</u>
Cash - end of year		<u><u>\$ 109,838</u></u>

**Supplemental Cash Flow Information**

Total interest paid as of December 31, 2014, was \$12,558.

See accompanying notes to financial statements.



**THE CALEB COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**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, and Jerusalem, Israel. 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 2014, we sent several teams of alumni, staff and tour participants not only to Israel, but also to Mozambique, Finland, Kenya, South Africa, Mexico 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 sixteen languages distributed around the world. The translations are: English, German, French, Dutch, Norwegian, Icelandic, Italian, Thai, Turkish, Spanish, Portuguese, Russian, Korean, Mandarin Chinese, Farsi, and Finnish. “God's Promise and the Future of Israel” is translated into English, German, French, Dutch, and Mandarin Chinese. 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, 2014**

**NOTE 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared on 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, 2014.

**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, 2014, 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, 2014, 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, 2014, we had no contributions receivable.

**THE CALEB COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 2 - Summary of Significant Accounting Policies (continued)**

**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. We are not subject to examination by U.S. federal or state taxing authorities for years before 2011.

**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.

**NOTE 3 - Long-term Debt**

In 2010, we entered into an agreement to purchase approximately 10 acres of land in Williamson County, Tennessee, for \$675,000. The land included a house of approximately 4,000 square feet. The land and house are secured by a loan which bears interest initially at 2.5% annually and is subject to change monthly, but in no event will fall below 2.5% per year. Until maturity, the loan requires a minimum \$2,000 monthly payment, which will be applied to the monthly interest calculation with any excess applied to principal. The note matures on June 30, 2015, with any unpaid principal due at that time. As of March 23, 2015, no formal refinancing agreement has been made and we do not expect the loan to be called at June 30, 2015. We will continue making monthly payments on the loan in accordance with the lender.

The following is a list of future maturities:

Year ending December 31,

2015

\$ 493,886

**THE CALEB COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**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 from a board member whose name is on the lease agreement for \$32,924 in 2014. See NOTE 6. Total rental expense for the year ended December 31, 2014, was \$40,818.

In February 2015, we extended our lease agreement through February 2016 for an apartment in Jerusalem, Israel. Under this lease, the monthly rent is 9785 Israeli New Shekel (ILS). At December 31, 2014, the conversion rate for the Israeli New Shekel (NIS) to U.S. dollars was 0.2560. The future lease obligation was calculated using this rate for monthly rent of \$2,504.

Future minimum payments for these leases are as follows:

<u>Year ending December 31,</u>	
2015	\$ 26,756
2016	1,716
2017	429
2018	<u>-</u>
Total	<u>\$ 28,901</u>

**NOTE 5 - Concentration of Credit Risk**

At December 31, 2014, we owed 81% of all payables to four vendors.

**NOTE 6 - Related Party Transactions**

As discussed in NOTE 4, we reimbursed a board member for \$32,924 for rent expense 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 2014 for rent of the house on 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, 2014 was \$33,344.

**NOTE 7 - Subsequent Events**

We have evaluated events subsequent to the year ending December 31, 2014. As of March 23, 2015, 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, 2014.