



# CALEB

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## COMPANY

Financial Statements  
and  
Independent Auditors' Report

For the Year Ended December 31, 2020

**SM&Co**

**Caleb Company**  
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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, 2020 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, 2020, 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.

A handwritten signature in blue ink that reads 'Smith Marion &amp; Co.' in a cursive script.

June 18, 2021

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

**Caleb Company**

Statement of Financial Position

December 31, 2020

**ASSETS****Current Assets**

Cash	\$	459,273
Undeposited funds		111,785
Accounts receivables		30,000
<b>Total Current Assets</b>		<b>601,058</b>

**Non-Current Assets**

Capital assets (net)		1,126,270
<b>Total Non-Current Assets</b>		<b>1,126,270</b>

**TOTAL ASSETS****\$ 1,727,328****LIABILITIES AND NET ASSETS****Current Liabilities**

Accounts payable		10,368
Accrued expenses		13,589
Current portion of debt		67,760
<b>Total Current Liabilities</b>		<b>91,717</b>

**Long-Term Liabilities**

Debt non-current portion		516,322
<b>Total Long-Term Liabilities</b>		<b>516,322</b>

**Net Assets**

Without donor restrictions		1,119,289
With donor restrictions		-
<b>Total Net Assets</b>		<b>1,119,289</b>

**TOTAL LIABILITIES AND NET ASSETS****\$ 1,727,328**

**Caleb Company**

Statement of Activities

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restricted	Total
<b>PUBLIC SUPPORT</b>			
Individual contributions	\$ 743,405	\$ -	\$ 743,405
Ministry contributions	81,267	-	81,267
Foundation contributions	85,472	-	85,472
Fundraising events	-	-	-
Paycheck Protection Program	34,965	-	34,965
<b>Total Public Support</b>	<b>945,109</b>	<b>-</b>	<b>945,109</b>
<b>REVENUE</b>			
Rental income	19,965	-	19,965
Training and ministry programs	84,601	-	84,601
Merchandise sales	530	-	530
Retreats and tours	-	-	-
Other	3,522	-	3,522
Interest income	1,069	-	1,069
	<b>109,687</b>	<b>-</b>	<b>109,687</b>
<b>Net Assets Release from Restriction</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,054,796</b>	<b>-</b>	<b>1,054,796</b>
<b>EXPENSES</b>			
Program services	712,182	-	712,182
Management and general	88,809	-	88,809
Fundraising	17,087	-	17,087
<b>TOTAL EXPENSE</b>	<b>818,078</b>	<b>-</b>	<b>818,078</b>
<b>Change in Net Assets</b>	<b>236,718</b>	<b>-</b>	<b>236,718</b>
Beginning net assets	882,571	-	882,571
<b>Ending Net Assets</b>	<b>\$ 1,119,289</b>	<b>\$ -</b>	<b>\$ 1,119,289</b>

**Caleb Company**  
Statement of Cash Flow  
For the Year Ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 236,718
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:</b>	
<b>Non-Cash Items:</b>	
Depreciation	37,122
(Increase) decrease in accounts receivable and undeposited funds	(127,431)
Increase (decrease) in accounts payable	(1,563)
Increase (decrease) in accrued expenses	(3,028)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>141,818</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of additional capital assets	<u>(12,733)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(12,733)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Current and long-term debt payments	<u>(111,845)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(111,845)</u>
Net increase (decrease) in cash	17,240
Beginning cash	<u>442,033</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 459,273</u>
Interest expense for the year amounted to:	<u>\$ 31,467</u>

## Caleb Company

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program	Mgt and General	Fund Raising	Total
Salary and payroll taxes	\$ 158,145	\$ 23,905	\$ 1,839	\$ 183,889
Benefits	17,129	2,589	199	19,917
<b>Total Payroll</b>	<b>175,274</b>	<b>26,494</b>	<b>2,038</b>	<b>203,806</b>
Grants and assistance	62,131	-	-	62,131
Contract labor	87,249	13,188	1,015	101,452
Professional services	8,370	1,265	97	9,732
Advertising and promotion	9,935	-	10,417	20,352
Office expenses	119,023	17,992	1,384	138,399
Information technology	4,399	665	51	5,115
Occupancy	98,432	14,879	1,145	114,456
Travel	80,880	12,226	940	94,046
Interest expense	29,367	2,100	-	31,467
<b>Total before Depreciation</b>	<b>675,060</b>	<b>88,809</b>	<b>17,087</b>	<b>780,956</b>
Depreciation	37,122	-	-	37,122
<b>Total Functional Expenses</b>	<b>\$ 712,182</b>	<b>\$ 88,809</b>	<b>\$ 17,087</b>	<b>\$ 818,078</b>

**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, 2020, 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, 2020, 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.

We have adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for Profit Entities: Clarifying the Scope and the Accounting guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Agency's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way we recognize revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

### **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, 2020, 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.

**Business Disruption**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the orders. Management is carefully monitoring the situation and evaluating its options during this time. It is possible that this matter may negatively impact us, however, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

**Subsequent Events**

We have evaluated subsequent events through June 18, 2021, the date on which the financial statements were available to be issued.

There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein except the one mentioned above.

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**Note 3 – Long Term Debt**

Long-term debt at December 31, 2020, consists of the following:

Mortgage note payable to one individual with a maturity of Febuary 28, 2027. Monthly payment of up to \$4,416 are required with interest at 2.5%. The note is collateralized by the real property.		\$ 302,009
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.		<u>282,073</u>
	<b>Total</b>	<b><u>\$ 584,082</u></b>
 <u>Year Ending December 31.</u>		
	2021	\$ 67,760
	2022	70,044
	2023	72,370
	2024	74,774
	2025	77,257
Thereafter		<u>221,877</u>
		<b><u>\$ 584,082</u></b>

**Note 4 – Liquidity**

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

Cash		\$ 459,273
Undeposited funds		111,785
Accounts receivables		<u>30,000</u>
		<b><u>\$ 601,058</u></b>

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**Note 5 – Fixed Assets**

At December 31, 2020 fixed assets consisted of the following:

	12/31/19	Additions	Deletions	12/31/20
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Building and improvements	947,661	11,745	-	959,406
Vehicles	24,074	988	-	25,062
Office furniture and equip.	29,086	-	-	29,086
Equipment	44,469	-	-	44,469
<b>Total Capital Assets</b>	<b>1,445,290</b>	<b>12,733</b>	<b>-</b>	<b>1,458,023</b>
Accumulated depreciation	(294,631)	(37,122)	-	(331,753)
<b>Net Capital Assets</b>	<b>\$ 1,150,659</b>	<b>\$ (24,389)</b>	<b>\$ -</b>	<b>\$ 1,126,270</b>

**Note 6 – Related Party Transactions**

We received \$- in rental income from the Executive Director and staff members in 2020 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.

**Note 7 – Related Party Transactions**

We were granted a \$34,965 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. We recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. We have recognized all \$34,965 as grant revenue for the year ended December 31, 2020.

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