



**BARNABAS FUND, INC.
(T/A BARNABAS AID)**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
AUGUST 31, 2020 AND 2019**

BARNABAS FUND, INC
(T/A BARNABAS AID)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3-4
Financial Statements:	
Consolidated Statements of Financial Position.....	5
Consolidated Statements of Activities	6-7
Consolidated Statements of Functional Expenses	8-9
Consolidated Statements of Cash Flows	10
Notes to Financial Statements	11-15



Independent Auditor's Report

To the Board of Directors of
Barnabas Fund, Inc.
(T/A Barnabas Aid)
McLean, Virginia

We have audited the accompanying consolidated financial statements of Barnabas Fund, Inc. (T/A Barnabas Aid) (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of August 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Barnabas Fund, Inc. (T/A Barnabas Aid) and affiliate as of August 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alta CPA Group, LLC

January 13, 2021

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 253,838	\$ 63,358
Accounts Receivable	10,943	22,272
Prepaid Expenses	-	4,442
Inventory	157,711	127,902
Total Current Assets	422,492	217,974
Property and Equipment:		
Building	-	3,758,653
Furniture and Equipment	143,493	143,993
Accumulated Depreciation	(111,822)	(1,833,151)
Net Property and Equipment	31,671	2,069,495
Total Assets	\$ 454,163	\$ 2,287,469
<u>LIABILITIES AND NET DEFICITS</u>		
Current Liabilities:		
Accounts Payable	\$ 146,541	\$ 140,167
Due to CRI, Inc.	620,268	239,740
Total Current Liabilities	766,809	379,907
Long Term Liabilities:		
Notes Payable	-	3,600,000
Total Long Term Liabilities	-	3,600,000
Total Liabilities	766,809	3,979,907
Net Assets:		
Without Donor Restrictions	(312,646)	(1,692,438)
With Donor Restrictions	-	-
Total Net Assets	(312,646)	(1,692,438)
Total Liabilities and Net Deficits	\$ 454,163	\$ 2,287,469

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 1,934,272	\$ 1,359,661	\$ 3,293,933
Contributions from Christian Relief International, Inc. for Barnabas Aid	1,193,880	-	1,193,880
Sales of Books, Net of Returns	60,114	-	60,114
Other Income	243	-	243
Gain on Sale of Property	935,869	-	935,869
Net Assets Released from Restrictions	<u>1,359,661</u>	<u>(1,359,661)</u>	<u>-</u>
 Total Revenue	 5,484,039	 -	 5,484,039
EXPENSES:			
Program Expenses:			
Grants for Overseas Projects	2,602,707	-	2,602,707
Other Program Expenses	<u>1,104,183</u>	<u>-</u>	<u>1,104,183</u>
 Total Program Expenses	 3,706,890	 -	 3,706,890
 Fund Raising	 288,931	 -	 288,931
General and Administrative	<u>108,426</u>	<u>-</u>	<u>108,426</u>
 Total Expenses	 <u>4,104,247</u>	 <u>-</u>	 <u>4,104,247</u>
 CHANGE IN NET DEFICIT	 1,379,792	 -	 1,379,792
 Net Deficit, Beginning of Year	 <u>(1,692,438)</u>	 <u>-</u>	 <u>(1,692,438)</u>
 Net Deficit, End of Year	 <u>\$ (312,646)</u>	 <u>\$ -</u>	 <u>\$ (312,646)</u>

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 938,129	\$ 677,330	\$ 1,615,459
Contributions from Christian Relief International, Inc. for Barnabas Aid	1,005,965	-	1,005,965
Sales of Books, Net of Returns	58,242	-	58,242
Other Income	322	-	322
Net Assets Released from Restrictions	<u>677,330</u>	<u>(677,330)</u>	<u>-</u>
 Total Revenue	 2,679,988	 -	 2,679,988
EXPENSES:			
Program Expenses:			
Grants for Overseas Projects	1,544,744	-	1,544,744
Other Program Expenses	<u>1,050,850</u>	<u>-</u>	<u>1,050,850</u>
 Total Program Expenses	 2,595,594	 -	 2,595,594
 Fund Raising	 219,637	 -	 219,637
General and Administrative	<u>89,186</u>	<u>-</u>	<u>89,186</u>
 Total Expenses	 <u>2,904,417</u>	 <u>-</u>	 <u>2,904,417</u>
CHANGE IN NET DEFICIT	(224,429)	-	(224,429)
Net Deficit, Beginning of Year	<u>(1,468,009)</u>	<u>-</u>	<u>(1,468,009)</u>
Net Deficit, End of Year	<u>\$ (1,692,438)</u>	<u>\$ -</u>	<u>\$ (1,692,438)</u>

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payment to Affiliate - International Aid Projects	\$ 2,602,707	\$ -	\$ -	\$ 2,602,707
Other Expenses:				
Accounting and Audit Fees	-	-	9,300	9,300
Bank Charges and Processing Fees	-	51,912	187	52,099
Cost of Sales - Isaac Publishing	31,841	-	-	31,841
Depreciation	35,431	20,614	8,374	64,419
Insurance	23,249	13,527	5,495	42,271
Legal and Professional Fees	6,659	3,874	1,574	12,107
Marketing and Public Relations	48,123	27,999	11,375	87,497
Occupancy	64,086	37,287	15,148	116,521
Payroll Taxes	10,496	6,107	2,481	19,084
Postage and Delivery	62,319	36,258	14,730	113,307
Printing and Publications	661,259	10,173	6,782	678,214
Operating Expenses - Isaac Publishing	21,613	-	-	21,613
Salaries and Benefits	109,684	63,816	25,925	199,425
Software Training and Maintenance	18,393	10,702	4,348	33,443
Supplies and Office Expenses	9,482	5,761	2,341	17,584
Telephone	2,694	1,568	637	4,899
Travel	(1,146)	(667)	(271)	(2,084)
Total Other Expenses	<u>1,104,183</u>	<u>288,931</u>	<u>108,426</u>	<u>1,501,540</u>
Total Expenses	<u>\$ 3,706,890</u>	<u>\$ 288,931</u>	<u>\$ 108,426</u>	<u>\$ 4,104,247</u>

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payment to Affiliate - International Aid Projects	\$ 1,544,744	\$ -	\$ -	\$ 1,544,744
Other Expenses:				
Accounting and Audit Fees	-	-	8,500	8,500
Bank Charges and Processing Fees	-	28,873	401	29,274
Cost of Sales - Isaac Publishing	22,820	-	-	22,820
Depreciation	69,885	40,660	16,518	127,063
Insurance	10,876	6,328	2,571	19,775
Legal and Professional Fees	46,677	27,158	11,033	84,868
Marketing and Public Relations	4,802	2,794	1,135	8,731
Occupancy	32,207	18,738	7,613	58,558
Payroll Taxes	7,106	4,134	1,680	12,920
Postage and Delivery	9,560	5,562	2,260	17,382
Printing and Publications	694,846	10,690	7,127	712,663
Operating Expenses - Isaac Publishing	23,682	-	-	23,682
Salaries and Benefits	76,135	44,297	17,996	138,428
Software Training and Maintenance	7,867	4,577	1,860	14,304
Supplies and Office Expenses	26,344	15,328	6,227	47,899
Telephone	3,662	2,131	866	6,658
Travel	14,381	8,367	3,399	26,148
	<u>1,050,850</u>	<u>219,637</u>	<u>89,186</u>	<u>1,359,673</u>
Total Other Expenses				
Total Expenses	<u>\$ 2,595,594</u>	<u>\$ 219,637</u>	<u>\$ 89,186</u>	<u>\$ 2,904,417</u>

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Received	\$ 2,603,207	\$ 1,615,459
Support from Christian Relief International, Inc.	1,193,880	1,005,965
Sales Receipts	60,114	58,242
Other Income	243	322
Payments to Vendors, Suppliers and Employees	<u>(3,666,964)</u>	<u>(2,712,587)</u>
Net Cash Provided (Used) by Operating Activities	190,480	(32,599)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	2,909,274	-
Purchase of Fixed Assets	<u>-</u>	<u>(31,050)</u>
Net Cash Provided (Used) by Investing Activities	2,909,274	(31,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	<u>(2,909,274)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(2,909,274)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	190,480	(63,649)
CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>63,358</u>	<u>127,007</u>
End of Year	<u>\$ 253,838</u>	<u>\$ 63,358</u>
RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Deficit	\$ 1,379,792	\$ (224,429)
Adjustments:		
Depreciation Expense	64,419	127,063
Non-Cash Contribution - Forgiveness of Debt	(690,726)	-
Gain on Sale of Property and Equipment	(935,869)	-
Decrease (Increase) in Assets:		
Accounts Receivable	11,329	(7,811)
Inventory	(29,809)	(2,124)
Prepaid Expenses	4,442	(4,442)
Increase (Decrease) in Liabilities:		
Accounts Payable	6,374	(341)
Due to CRI, Inc.	<u>380,528</u>	<u>79,485</u>
Net Cash Provided by Operating Activities	<u>\$ 190,480</u>	<u>\$ (32,599)</u>

See independent auditor's report and accompanying notes to financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Purpose

Barnabas Fund, Inc. (T/A Barnabas Aid) (the Organization) and affiliate was organized to support Christians around the world, where they are in a minority and suffer discrimination, oppression, and persecution as a consequence of their faith. The Organization is supported primarily by contributions from the general public, churches, and other organizations.

In February 2009, the Organization incorporated a limited liability company, Isaac Publishing LLC, under the law of Virginia. The Organization is the sole member of Isaac Publishing LLC. The purpose of the company is to print, publish and sell religious related books and publications to further Barnabas Fund, Inc. (T/A Barnabas Aid)'s mission.

Operations

The Organization works closely with Christian Relief International, Inc. (CRI, Inc.) a charity established in the United States whose objectives are very similar to those of the Organization. The Organization distributes the majority of the contributions received to CRI, Inc. for onward transmission to beneficiaries in over sixty different countries. CRI, Inc. supports the Organization by way of grants, which are shown separately on these consolidated financial statements, and by providing administrative support for operations.

Basis of Consolidation

All significant intercompany transactions between the Organization and Isaac Publishing, LLC, have been eliminated in the consolidated financial statements.

Method of Accounting

The consolidated financial statements have been presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The significant accounting policies that follow are provided to enhance the usefulness of the consolidated financial statements to the reader.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Assets(Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents are considered to be the amounts in checking accounts, savings accounts and short-term money market accounts.

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

The Organization has 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 Organization's financial reporting.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of customers to meet their obligations. Receivables are considered delinquent if full principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management considered all receivables collectible.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses which benefit more than one function are allocated on a reasonable basis that is consistently applied; the basis of allocation is estimates of time and effort maintained by each employee.

Inventory

Inventory consisted of books and publications. Inventories are recorded at lower of cost or market on the first-in-first-out method.

Property and Equipment

Property and equipment are recorded at cost if purchased, or market value at time of donation if donated, and are depreciated using the straight line method of depreciation over the estimated useful lives of the assets. Purchases are capitalized if the useful life of the property or equipment exceeds one year. Repair and maintenance costs are expensed as they occur. The useful life of the building is estimated at thirty years. The useful life of furniture and equipment varies from five to seven years.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income, if any, from unrelated business activities, and is classified as an organization that is not a private foundation.

The Organization's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

Subsequent Events

The Organization evaluated subsequent events through the date that the consolidated financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to January 13, 2021, that would have a material impact on the consolidated financial statements.

NOTE 2 – SALE OF PROPERTY

The Organization sold two properties this year for \$2,909,274. The loan originally used to buy the property was donated by SFI and consisted of two notes payable in the amount of \$2,500,000 and \$1,100,000. Terms of the agreement stated the loan was forgivable upon the sale of the properties, and SFI was entitled to all proceeds from the sale. The property sale resulted in a gain of \$935,869, and the loan forgiveness resulted in a contribution of \$690,726, both of which are reflected on the consolidated statements of activities.

NOTE 3 - SHIPPING AND HANDLING COSTS

It is the Organization's policy to classify shipping and handling costs based on its functional areas to program services, fund raising, or general and administrative expenses. The total shipping and delivery costs of \$113,468 and \$17,382 and for the years ended August 31, 2020 and 2019, respectively, are classified in the consolidated statements of functional expenses as postage and delivery.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 253,838	\$ 63,358
Accounts Receivable	<u>10,943</u>	<u>22,272</u>
Total Current Financial Assets at Year End	<u>264,781</u>	<u>85,630</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>264,781</u>	\$ <u>85,630</u>

NOTE 5 - ISAAC PUBLISHING, LLC

The financial activity for Isaac Publishing LLC, whose sole member is Barnabas Aid, is included in the consolidated financial statements. During the years ended August 31, 2020 and 2019, the activity for Isaac Publishing, LLC was as follows:

	<u>2020</u>	<u>2019</u>
Total Sales of Inventory	\$ 60,114	\$ 58,242
Cost of Sales:		
Opening Inventory	127,902	125,778
Costs of Books Published	31,841	24,944
Ending Inventory	<u>(157,711)</u>	<u>(127,902)</u>
Total Cost of Sales	<u>2,032</u>	<u>22,820</u>
Gross Profit	58,082	35,422
Operating Expenses	<u>(21,613)</u>	<u>(23,864)</u>
Net Surplus	\$ <u>36,469</u>	\$ <u>11,558</u>