



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

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
AUGUST 31, 2019 AND 2018**

BARNABAS FUND, INC
(T/A BARNABAS AID)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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

December 17, 2019

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 63,358	\$ 127,007
Accounts Receivable	22,272	14,461
Prepaid Expenses	4,442	-
Inventory	127,902	125,778
	217,974	267,246
Property and Equipment:		
Building	3,758,653	3,758,653
Furniture and Equipment	143,993	112,943
Accumulated Depreciation	(1,833,151)	(1,706,088)
	2,069,495	2,165,508
Net Property and Equipment	2,069,495	2,165,508
Total Assets	\$ 2,287,469	\$ 2,432,754
<u>LIABILITIES AND NET DEFICITS</u>		
Current Liabilities:		
Accounts Payable	\$ 140,167	\$ 140,508
Due to CRI, Inc.	239,740	160,255
	379,907	300,763
Total Current Liabilities	379,907	300,763
Long Term Liabilities:		
Notes Payable	3,600,000	3,600,000
Total Long Term Liabilities	3,600,000	3,600,000
Total Liabilities	3,979,907	3,900,763
Net Assets:		
Without Donor Restrictions	(1,692,438)	(1,468,009)
With Donor Restrictions	-	-
	(1,692,438)	(1,468,009)
Total Net Assets	(1,692,438)	(1,468,009)
Total Liabilities and Net Deficits	\$ 2,287,469	\$ 2,432,754

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 ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 853,002	\$ 713,661	\$ 1,566,663
Contributions from Christian Relief International, Inc. for Barnabas Aid	1,199,547	-	1,199,547
Sales of Books, Net of Returns	60,892	-	60,892
Other Income	4,668	-	4,668
Net Assets Released from Restrictions	<u>713,661</u>	<u>(713,661)</u>	<u>-</u>
 Total Revenue	 2,831,770	 -	 2,831,770
EXPENSES:			
Program Expenses:			
Grants for Overseas Projects	1,594,448	-	1,594,448
Other Program Expenses	<u>1,044,900</u>	<u>-</u>	<u>1,044,900</u>
 Total Program Expenses	 2,639,348	 -	 2,639,348
Fund Raising	211,620	-	211,620
General and Administrative	<u>106,570</u>	<u>-</u>	<u>106,570</u>
 Total Expenses	 <u>2,957,538</u>	 <u>-</u>	 <u>2,957,538</u>
CHANGE IN NET DEFICIT	(125,768)	-	(125,768)
Net Deficit, Beginning of Year	<u>(1,342,241)</u>	<u>-</u>	<u>(1,342,241)</u>
Net Deficit, End of Year	<u>\$ (1,468,009)</u>	<u>\$ -</u>	<u>\$ (1,468,009)</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				
	<u>1,050,850</u>	<u>219,637</u>	<u>89,186</u>	<u>1,359,673</u>
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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payment to Affiliate - International Aid Projects	\$ 1,594,448	\$ -	\$ -	\$ 1,594,448
Other Expenses:				
Accounting and Audit Fees	-	-	12,920	12,920
Bank Charges and Processing Fees	-	20,423	147	20,570
Cost of Sales - Isaac Publishing	51,460	-	-	51,460
Depreciation	69,885	40,660	16,518	127,063
Insurance	9,150	5,324	2,163	16,637
Legal and Professional Fees	9,469	5,509	2,239	17,217
Marketing and Public Relations	135,619	26,862	17,908	180,389
Occupancy	27,433	15,961	6,484	49,878
Payroll Taxes	8,990	5,823	2,248	17,061
Postage and Delivery	51,253	14,527	7,988	73,768
Printing and Publications	527,668	7,240	4,827	539,735
Operating Expenses - Isaac Publishing	10,161	-	-	10,161
Salaries and Benefits	101,589	59,077	25,396	186,062
Software Training and Maintenance	12,489	6,243	2,714	21,446
Supplies and Office Expenses	3,525	-	3,405	6,930
Telephone	6,824	3,971	1,613	12,408
Travel	19,385	-	-	19,385
	<u>1,044,900</u>	<u>211,620</u>	<u>106,570</u>	<u>1,363,090</u>
Total Other Expenses				
Total Expenses	<u>\$ 2,639,348</u>	<u>\$ 211,620</u>	<u>\$ 106,570</u>	<u>\$ 2,957,538</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Received	\$ 1,615,459	\$ 1,641,320
Support from Christian Relief International, Inc.	1,005,965	1,199,547
Sales Receipts	58,242	63,377
Other Income	322	4,668
Payments to Vendors, Suppliers and Employees	<u>(2,712,587)</u>	<u>(3,065,734)</u>
Net Cash Used by Operating Activities	(32,599)	(156,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of Fixed Assets	<u>(31,050)</u>	-
Net Cash Used by Financing Activities	(31,050)	-
Net Decrease in Cash and Cash Equivalents	(63,649)	(156,822)
CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>127,007</u>	<u>283,829</u>
End of Year	<u>\$ 63,358</u>	<u>\$ 127,007</u>
RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Deficit	\$ (224,429)	\$ (125,768)
Adjustments:		
Depreciation Expense	127,063	127,063
Decrease (Increase) in Assets:		
Accounts Receivable	(7,811)	77,142
Inventory	(2,124)	(5,137)
Prepaid Expenses	(4,442)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(341)	9,158
Due to CRI, Inc.	<u>79,485</u>	<u>(239,280)</u>
Net Cash Used by Operating Activities	<u>\$ (32,599)</u>	<u>\$ (156,822)</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, 2019 AND 2018

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, 2019 AND 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (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.

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, quantitative and qualitative information about the liquidity and availability of resources, consistency in the presentation of expenses and investment return, and other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU has been applied retrospectively to all periods presented. The Organization has changed its presentation of net asset classes, expanded the footnote disclosures required by ASU 2016-14, and reclassified certain expense items to conform to the requirements of the ASU.

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.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

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 statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The 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, 2019 AND 2018

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

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 December 17, 2019, that would have a material impact on the consolidated financial statements.

NOTE 2 - NOTES PAYABLE

The Organization's debt consists of two notes payable in the amount of \$2,500,000 and \$1,100,000. The loans carry interest at 6% per annum. For the years ended August 31, 2019 and 2018, all interest on the loans was forgiven; however, upon the sale of the properties, the lender is entitled to all proceeds from the sale. No payments are due until the year 2035, when the notes are due in full. There are no penalties for early payment. The notes are secured by the buildings. The total amount on the notes payable as of August 31, 2019 and 2018 was \$3,600,000.

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 \$17,382 and \$73,768 for the years ended August 31, 2019 and 2018, 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, 2019 AND 2018

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. When necessary the Organization may draw on its line of credit to meet general expenditures.

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>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 63,358	\$ 127,007
Accounts Receivable	<u>22,272</u>	<u>14,461</u>
Total Current Financial Assets at Year End	85,630	141,468
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>85,630</u>	\$ <u>141,468</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, 2019 and 2018, the activity for Isaac Publishing, LLC was as follows:

	<u>2019</u>	<u>2018</u>
Total Sales of Inventory	\$ 58,242	\$ 60,892
Cost of Sales:		
Opening Inventory	125,778	120,641
Costs of Books Published	24,944	56,597
Ending Inventory	<u>(127,902)</u>	<u>(125,778)</u>
Total Cost of Sales	<u>22,820</u>	<u>51,460</u>
Gross Profit	35,422	9,432
Operating Expenses	<u>(23,864)</u>	<u>(10,161)</u>
Net Surplus (Deficit)	\$ <u>11,558</u>	\$ <u>(729)</u>