



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

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
AUGUST 31, 2017 AND 2016**

BARNABAS FUND, INC
(T/A BARNABAS AID)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

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Independent Auditor's Report

To the Board of Directors
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, 2017 and 2016, 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, 2017 and 2016, 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

July 6, 2018

BARNABAS FUND, INC.
(T/A BARNABAS AID)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 283,829	\$ 234,791
Accounts Receivable	91,603	32,174
Inventory	120,641	97,660
	496,073	364,625
Property and Equipment:		
Building	3,758,653	3,758,653
Furniture and Equipment	112,943	112,943
Accumulated Depreciation	(1,579,025)	(1,451,962)
	2,292,571	2,419,634
Net Property and Equipment	2,292,571	2,419,634
Total Assets	\$ 2,788,644	\$ 2,784,259
<u>LIABILITIES AND NET DEFICITS</u>		
Current Liabilities:		
Accounts Payable	\$ 131,350	\$ 148,299
Due to CRI, Inc.	399,535	453,462
	530,885	601,761
Total Current Liabilities	530,885	601,761
Long Term Liabilities:		
Notes Payable	3,600,000	3,600,000
	4,130,885	4,201,761
Total Liabilities	4,130,885	4,201,761
Net Deficits:		
Unrestricted	(1,342,241)	(1,417,502)
	(1,342,241)	(1,417,502)
Total Liabilities and Net Deficits	\$ 2,788,644	\$ 2,784,259

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, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE:			
Contributions	\$ 1,032,164	\$ 803,605	\$ 1,835,769
Contributions from Christian Relief International, Inc. for Barnabas Aid	1,279,686	-	1,279,686
Sales of Books, Net of Returns	52,688	-	52,688
Other Income	6,012	-	6,012
Net Assets Released from Restrictions	803,605	(803,605)	-
 Total Revenue	 3,174,155	 -	 3,174,155
EXPENSES:			
Program Expenses:			
Grants for Overseas Projects	1,704,968	-	1,704,968
Other Program Expenses	983,150	-	983,150
 Total Program Expenses	 2,688,118	 -	 2,688,118
Fund Raising	218,833	-	218,833
General and Administrative	191,943	-	191,943
 Total Expenses	 3,098,894	 -	 3,098,894
CHANGE IN NET DEFICIT	75,261	-	75,261
Net Deficit, Beginning of Year	(1,417,502)	-	(1,417,502)
Net Deficit, End of Year	\$ (1,342,241)	-	\$ (1,342,241)

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 981,248	\$ 993,575	\$ 1,974,823
Contributions from Christian Relief International, Inc. for Barnabas Aid	345,162	-	345,162
Sales of Books, Net of Returns	58,481	-	58,481
Other Income	9,181	-	9,181
Net Assets Released from Restrictions	<u>993,575</u>	<u>(993,575)</u>	<u>-</u>
 Total Revenue	 2,387,647	 -	 2,387,647
EXPENSES:			
Program Expenses:			
Grants for Overseas Projects	1,562,439	-	1,562,439
Other Program Expenses	<u>946,172</u>	<u>-</u>	<u>946,172</u>
 Total Program Expenses	 2,508,611	 -	 2,508,611
 Fund Raising	 245,511	 -	 245,511
General and Administrative	<u>173,896</u>	<u>-</u>	<u>173,896</u>
 Total Expenses	 <u>2,928,018</u>	 <u>-</u>	 <u>2,928,018</u>
 CHANGE IN NET DEFICIT	 (540,371)	 -	 (540,371)
 Net Deficit, Beginning of Year	 <u>(877,131)</u>	 <u>-</u>	 <u>(877,131)</u>
 Net Deficit, End of Year	 <u>\$ (1,417,502)</u>	 <u>-</u>	 <u>\$ (1,417,502)</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, 2017

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payment to Affiliate - International Aid Projects	\$ 1,704,968	\$ -	\$ -	\$ 1,704,968
Other Expenses:				
Accounting and Audit Fees	-	-	9,400	9,400
Bank Charges and Processing Fees	473	25,173	212	25,858
Cost of Sales - Isaac Publishing	33,048	-	-	33,048
Depreciation	66,104	31,398	29,561	127,063
Equipment Rental and Maintenance	2,403	1,141	1,075	4,619
Insurance	6,336	3,009	2,833	12,178
Legal and Professional Fees	14,945	7,098	6,683	28,726
Marketing and Public Relations	100,576	22,199	20,900	143,675
Occupancy	26,731	12,697	11,954	51,382
Payroll Taxes	8,517	4,046	3,809	16,372
Postage and Delivery	105,392	50,059	47,131	202,582
Printing and Publications	479,684	2,514	2,367	484,565
Operating Expenses - Isaac Publishing	13,479	-	-	13,479
Salaries and Benefits	97,615	46,365	43,653	187,633
Software Training and Maintenance	5,964	2,833	2,667	11,464
Supplies and Office Expenses	4,249	1,925	1,812	7,986
Telephone	7,289	3,462	3,260	14,011
Travel	10,345	4,914	4,626	19,885
	<u>983,150</u>	<u>218,833</u>	<u>191,943</u>	<u>1,393,926</u>
Total Other Expenses				
Total Expenses	<u>\$ 2,688,118</u>	<u>\$ 218,833</u>	<u>\$ 191,943</u>	<u>\$ 3,098,894</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, 2016

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Payment to Affiliate - International Aid Projects	\$ 1,562,439	\$ -	\$ -	\$ 1,562,439
Other Expenses:				
Accounting and Audit Fees	-	-	8,000	8,000
Bank Charges and Processing Fees	2,164	21,113	970	24,247
Conferences and Meetings	-	-	93	93
Cost of Sales - Isaac Publishing	43,492	-	-	43,492
Depreciation	63,900	34,574	28,589	127,063
Equipment Rental and Maintenance	2,730	1,477	1,221	5,428
Insurance	9,009	4,874	4,031	17,914
Legal and Professional Fees	8,925	4,829	3,993	17,747
Marketing and Public Relations	131,859	13,586	11,235	156,680
Occupancy	19,205	10,391	8,592	38,188
Payroll Taxes	7,920	4,285	3,543	15,748
Postage and Delivery	76,931	66,684	34,419	178,034
Printing and Publications	460,516	25,549	21,126	507,191
Operating Expenses - Isaac Publishing	8,086	-	-	8,086
Salaries and Benefits	91,024	49,249	40,724	180,997
Software Training and Maintenance	7,994	4,325	3,577	15,896
Supplies and Office Expenses	4,191	716	592	5,499
Telephone	6,325	3,422	2,830	12,577
Travel	1,901	437	361	2,699
Total Other Expenses	<u>946,172</u>	<u>245,511</u>	<u>173,896</u>	<u>1,365,579</u>
Total Expenses	<u>\$ 2,508,611</u>	<u>\$ 245,511</u>	<u>\$ 173,896</u>	<u>\$ 2,928,018</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Received	\$ 1,835,769	\$ 1,974,823
Support from Christian Relief International, Inc.	1,216,327	332,605
Sales Receipts	56,618	48,160
Other Income	6,012	9,181
Payments to Vendors, Suppliers and Employees	<u>(3,065,688)</u>	<u>(2,210,412)</u>
Net Cash Provided by Operating Activities	49,038	154,357
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	49,038	154,357
CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>234,791</u>	<u>80,434</u>
End of Year	<u>\$ 283,829</u>	<u>\$ 234,791</u>
RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Deficit	\$ 75,261	\$ (540,371)
Adjustments:		
Depreciation Expense	127,063	127,063
Decrease (Increase) in Assets:		
Accounts Receivable	(59,429)	(22,878)
Prepaid Expenses	-	413
Inventory	(22,981)	12,482
Increase (Decrease) in Liabilities:		
Accounts Payable	(16,949)	584,826
Accrued Payroll	-	(7,178)
Due to CRI, Inc.	<u>(53,927)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 49,038</u>	<u>\$ 154,357</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, 2017 AND 2016

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 Kingdom 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.

Basis of Presentation

The Organization classifies resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The Organization records unconditional promises to give (pledges) as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- Permanently Restricted - the portion of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Temporarily Restricted - the portion of the net assets resulting from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. It is the policy of the Organization to forward all gifts which fall within this category subject to the restrictions imposed by the donors, in their entirety, to CRI for distribution.
- Unrestricted - the portion of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

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.

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.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

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.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have had no effect on the net income for the years ended August 31, 2017 and 2016.

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 July 6, 2018, that would have a material impact on the consolidated financial statements.

BARNABAS FUND, INC.
(T/A BARNABAS AID)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016 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 \$202,582 and \$178,034 for the years ended August 31, 2017 and 2016, respectively, are classified in the consolidated statements of functional expenses as postage and delivery.

NOTE 4 - 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, 2017 and 2016, the activity for Isaac Publishing, LLC was as follows:

	<u>2017</u>	<u>2016</u>
Sales of Inventory:		
United States	\$ 10,447	\$ 16,701
United Kingdom	20,183	23,371
Australia	18,165	15,424
New Zealand	<u>3,893</u>	<u>2,985</u>
Total Sales of Inventory	52,688	58,481
Cost of Sales:		
Opening Inventory	97,660	110,142
Costs of Books Published	56,029	31,010
Ending Inventory	<u>(120,641)</u>	<u>(97,660)</u>
Total Cost of Sales	<u>33,048</u>	<u>43,492</u>
Gross Profit	19,640	14,989
Operating Expenses	<u>(13,479)</u>	<u>(8,086)</u>
Net Surplus (Deficit)	\$ <u>6,161</u>	\$ <u>6,903</u>