The Global Orphan Project, Inc. & Subsidiaries

Independent Auditor's Report and
Consolidated Financial Statements

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Global Orphan Project, Inc.

We have audited the accompanying consolidated financial statements of The Global Orphan Project, Inc. (the Organization) (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of activities and changes in net assets, consolidated statement of functional expenses and consolidated statement of 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 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 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 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 The Global Orphan Project, Inc. and subsidiaries as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emerick + Company, P.C.

Kansas City, Missouri
June 23, 2015

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2015

Assets

Current Assets	
Cash and cash equivalents	$ 1,183,125
Investments	11,100
Vision Trip receivables, net	19,741
Accounts receivable, net	44,973
Pledges receivable, net	148,411
Inventory	444,625
Prepaid expenses	45,204
Total Current Assets	1,897,179
Property and Equipment	
Net of accumulated depreciation of $30,755	103,229
Noncurrent Assets	
Pledges receivable, net	11,945
Notes receivable - Life S.A.	584,510
Total Noncurrent Assets	596,455
Total Assets	$ 2,596,863

Liabilities and Net Assets

Current Liabilities	
Accounts payable	$ 88,252
Accrued expenses	9,424
Accrued payroll taxes	23,841
Line of credit	258,630
Current portion of notes payable - capital lease	5,375
Current portion of notes payable - related party	9,600
Total Current Liabilities	395,122
Noncurrent Liabilities	
Notes payable - capital lease	21,406
Notes payable - related party	2,400
Total Liabilities	418,928
Net Assets	
Unrestricted net assets	929,185
Temporarily restricted net assets	1,248,750
Total Net Assets	2,177,935
Total Liabilities and Net Assets	$ 2,596,863

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Orphan Care	$ 982,087	$ 1,732,847	$ 2,714,934
Trip Program Services	-	815,904	815,904
GO Fund - Sustainability	-	198,084	198,084
GO Exchange	-	1,073,297	1,073,297
Operations	-	752,747	752,747
Special events	82,874	-	82,874
Sales, net of cost of goods sold	73,085	-	73,085
Rental fees	17,050	-	17,050
Other	2,055	-	2,055
Equity in earnings of affiliate	(64,067)	-	(64,067)
In-kind revenue	23,372	134,422	157,794
Net assets released from restrictions	4,618,950	(4,618,950)	-
Total Revenue and Support	5,735,406	88,351	5,823,757
Expenses			
Program Services			
Orphan Care	3,144,765	-	3,144,765
Orphan Care Mission Trips	804,900	-	804,900
GO Fund Sustainability	373,369	-	373,369
GO Exchange Merchandise	550,883	-	550,883
GOEX Services	208,661	-	208,661
	5,082,578	-	5,082,578
Support Services			
Fundraising	214,502	-	214,502
Management and general	867,875	-	867,875
	1,082,377	-	1,082,377
Total Expenses	6,164,955	-	6,164,955
Change in Net Assets from Operations	(429,549)	88,351	(341,198)
Other Changes in Net Assets			
Unrealized gain on investments	695	-	695
Interest income	719	-	719
Loss on disposal of equipment	(3,130)	-	(3,130)
Change in Net Assets	(431,265)	88,351	(342,914)
Net Assets, Beginning of Year	1,360,450	1,160,399	2,520,849
Net Assets, End of Year	$ 929,185	$ 1,248,750	$ 2,177,935

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services						Support Services			
	Orphan Care	Orphan Care Mission Trips	GO Fund Sustainability	GO Exchange Merchandise	GOEX Services Screen Printing and Order Fulfillment	Total	Fund - raising	Management and General	Total	Total Expenses
Employee wages	$ 426,349	$ 89,320	$ 4,667	$ 247,033	$ 130,355	$ 897,724	$ -	$ 565,402	$ 565,402	$ 1,463,126
Payroll taxes	30,734	6,116	354	18,500	22,904	78,608	-	41,078	41,078	119,686
Employee benefits	60,602	19,929	368	31,348	14,792	127,039	-	59,936	59,936	186,975
Grants	2,363,660	235,055	347,964	-	-	2,946,679	-	-	-	2,946,679
Internet donation fees	-	-	-	-	-	-	-	22,356	22,356	22,356
Bank and merchant fees	-	-	-	3,646	2,521	6,167	-	4,649	4,649	10,816
Special events	2,287	17,792	-	-	-	20,079	104,778	-	104,778	124,857
Contract labor	116,399	-	-	69,632	4,596	190,627	-	4,438	4,438	195,065
Lodging	9,127	7,413	3,333	5,173	302	25,348	-	2,110	2,110	27,458
Transportation	52,493	414,406	15,368	30,313	2,788	515,368	-	5,258	5,258	520,626
Computer expenses	-	-	-	1,693	14,483	16,176	-	28,780	28,780	44,956
Meals	12,119	2,107	1,315	2,182	1,416	19,139	-	8,631	8,631	27,770
Training	7,092	303	-	-	-	7,395	-	867	867	8,262
Office supplies	-	-	-	5,794	4,715	10,509	-	8,681	8,681	19,190
Printing and publishing	10,616	-	-	11,607	-	22,223	11,256	-	11,256	33,479
Postage and shipping	226	82	-	-	-	308	-	6,521	6,521	6,829
Advertising	-	-	-	48,735	-	48,735	3,027	-	3,027	51,762
Insurance	-	-	-	6,622	2,809	9,431	-	24,132	24,132	33,563
Video	-	-	-	-	-	-	51,430	-	51,430	51,430
Telephone	15,207	1,933	-	1,741	-	18,881	-	18,488	18,488	37,369
Supplies	11,212	1,865	-	10,515	-	23,592	-	-	-	23,592
Royalties	-	-	-	1,662	-	1,662	-	-	-	1,662
Professional fees	-	-	-	-	-	-	-	14,777	14,777	14,777
Administrative fees	-	-	-	3,064	-	3,064	-	-	-	3,064
Depreciation	6,642	-	-	-	-	6,642	-	2,020	2,020	8,662
Web site	-	-	-	39,258	-	39,258	33,011	-	33,011	72,269
Bad debt expense	20,000	8,579	-	4,785	1,143	34,507	-	-	-	34,507
Miscellaneous	-	-	-	1,502	4,389	5,891	11,000	251	11,251	17,142
Rent in-kind	-	-	-	-	-	-	-	49,500	49,500	49,500
Interest expense	-	-	-	6,078	1,448	7,526				7,526
	$ 3,144,765	$ 804,900	$ 373,369	$ 550,883	$ 208,661	$ 5,082,578	$ 214,502	$ 867,875	$ 1,082,377	$ 6,164,955

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows from Operating Activities	
Change in Net Assets	$ (342,914)
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	8,662
Donation of bibles	(300)
Donation of stock and fabric	(107,994)
Donation of in-kind rent	(49,500)
Unrealized gain on investments	(695)
Cash contributions restricted for orphan care	(1,910,301)
Change in allowance for uncollectible pledges	57,755
Loss on disposal of equipment	3,130
Bad debt expense	34,507
Equity in earnings of affiliate	64,067
(Increase) decrease in current assets:	
Vision Trip receivables	21,464
Accounts receivable	(28,355)
Pledges receivable	199,954
Inventory	(80,009)
Prepaid expenses	(4,449)
Increase (decrease) in current liabilities:	
Accounts payable	(7,200)
Accrued expenses	(6,502)
Accrued payroll taxes	5,702
Net cash used by operating activities	(2,142,978)
Cash Flows from Investing Activities	
Net change in property and equipment	(68,574)
Proceeds from sale of investments	62,172
Contribution of partnership capital	(50,000)
Issuance of notes receivable - Life S.A.	(584,510)
Net cash provided by investing activities	(640,912)
Cash Flows from Financing Activities	
Cash contributions restricted for orphan care	1,910,301
Net proceeds and payments on line of credit	258,630
Payments on note payable - related party	(7,200)
Payments on capital lease	(2,958)
Net cash provided by financing activities	2,158,773
Net Decrease in Cash	(625,117)
Cash and Cash Equivalents, Beginning of Year	1,808,242
Cash and Cash Equivalents, End of Year	$ 1,183,125
Supplemental Cash Flow Information	
Cash paid for interest	$ 7,526

See Notes to Consolidated Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Global Orphan Project, Inc. (GO Project – www.goproject.org) (the Organization) was organized as a not-for-profit corporation in Missouri in 2003, and is recognized as a 501(c)(3) not-for-profit corporation. The mission of the organization is to expand the capacity of the local church so that they can provide orphan care, orphan prevention, and transition services to local children and families in need. In addition to residential care, GO Project also supports education to children and, through GOEX (www.goex.org), its primary sustainability initiative, GO Project launches businesses to provide living-wage, quality jobs, promote the dignity of work, and help keep families together. Finally, through CarePortal (www.careportal.org), the domestic orphan care/orphan prevention initiative, GO Project facilitates the cooperation of church and state to support child welfare in the United States.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Global Orphan Project, Inc. are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met by actions of The Global Orphan Project, Inc. or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently. There were no permanently restricted net assets as of December 31, 2015.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiaries, GO Exchange LLC and GOEX Services LLC, for-profit companies. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Income Taxes

No provision is made for federal or state income taxes due to the Organization's tax-exempt status. The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, yearly. The information in this return is used by the Internal Revenue Service to substantiate the Organization's continuing tax-exempt status. The last three years of these returns are open to IRS examination.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of 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 in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

Depreciation

Property, plant and equipment are stated at cost, if purchased or at fair value at the date of the gift, if donated, less accumulated depreciation. Depreciation and amortization for financial reporting is computed using the straight-line method over the estimated useful lives of the assets. The equipment has an estimated useful life of five years.

Inventory

Inventories, consisting principally of clothing, are stated at the lower of cost or market. Cost is determined by the average cost method.

Contributions

Contributions are recorded as revenue, at their fair value, when received, or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as temporarily restricted revenue. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Services

The Organization records various types of in-kind support. Contributed in-kind support is recognized if professional services are received that (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, or (c) goods donated that can be used for the Organization's purpose . During the year, the Organization received donations of stock, fabric, and office rental space.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Global Orphan Project, Inc. considers all cash and other highly liquid investments to be cash equivalents.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional promises to give in future periods are recognized as support in the period the promises are received.

Management provides an allowance for unconditional promises to give, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management writes off receivables when it determines that a promise to give will not be collected.

Accounts Receivable

Accounts receivable are primarily derived from trips and merchandise sales. As of December 31, 2015 there was an allowance of $1,422 on these accounts.

NOTE 2: CONCENTRATION OF CREDIT RISK

At various times during the year, cash balances held at banks may exceed the federally insured limit of $250,000 per bank. The Organization has not experienced any losses due to these credit risks.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2015:

Building	$ 36,534
Furniture and equipment	82,137
Software	11,787
Leasehold improvements	3,526
	$ 133,984
Less accumulated depreciation	(30,755)
Total	$ 103,229

NOTE 4: PLEDGES RECEIVABLE

As of December 31, 2015, contributors to the Organization have made written unconditional promises to give, consisting of pledges as follows:

	Temporarily Restricted	Allowance for Uncollectible Pledges	Total
Less than one year	$ 188,063	(39,652)	$ 148,411
One to five years	15,120	(3,175)	11,945
Total	$ 203,183	(42,827)	$ 160,356

NOTE 5: INVESTMENT IN UNCONSOLIDATED AFFILIATE

At December 31, 2015, the Organization held a 40% partnership interest in Life S.A., a for profit Haitian partnership. The Organization accounts for its investment using the equity method. Life S.A. has a fiscal year end of September.

Life S.A.'s assets and liabilities totaled approximately $398,433 and $331,959, respectively, as of September 30, 2015. Life S.A.'s revenues and net loss for the year ended September 30, 2015 were $254,559 and $160,168, respectively.

The initial investment balance of $50,000 has been reduced to zero and the notes receivable discussed in note 6 have been reduced by $14,067 to record the equity in earnings loss of $64,067 flowing through from the partnership investment.

NOTE 6: NOTES RECEIVABLE – LIFE S.A.

Notes receivable represent funds advanced to Life S.A. partnership discussed in Note 5 above. Loans are stated at unpaid principal balances. No allowance is deemed necessary as of December 31, 2015 due to the loans being established in 2015 and repayment not beginning until 2016. The loans are collateralized by all the assets of Life S.A.

Repayment of the loans will begin in 2016 and bear interest at 4% per annum. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. The Organization will charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to Life S.A.'s failure to meet repayment terms, deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

NOTE 7: LINE OF CREDIT

The Organization maintains a line of credit with a financial institution with a maximum borrowing limit of $400,000. The line bears interest at a variable rate based on the Wall Street Journal prime rate. The current rate is 3.25%. The line is collateralized by substantially all of the Organization's assets. The balance at December 31, 2015 is $258,630 and is due August 2016.

NOTE 8: NOTES PAYABLE

Related Party Note

The Organization purchased equipment and supplies from an employee for a price of $19,200 to be paid in monthly installments of $800 over 24 months.

The following is a schedule by years of future minimum payments required under the note as of December 31, 2015:

2016	$ 9,600
2017	2,400
	$ 12,000

NOTE 8: NOTES PAYABLE (Continued)

Capital Lease

The Organization leases a printing press under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The lease requires 60 monthly payments of $587.

Leased property and equipment consisted of the following at December 31, 2015:

Equipment	$ 29,739
Less accumulated depreciation	3,965
	$ 25,774

The following is a schedule by years of future minimum payments required under the capital lease as of December 31, 2015:

2016	$ 5,375
2017	5,754
2018	6,161
2019	6,569
2020	2,922
	$ 26,781

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Orphan Care	$ 1,069,894
Vision Trips	23,488
Operations	155,368
	$ 1,248,750

Operational donations are considered restricted because the Organization guarantees that 100% of any general donations will be used for program services. Operation expenses are covered by specific individuals who have committed to funding the management and general expenses of the Organization.

NOTE 10: WAREHOUSE LEASE

The Organization leases office and warehouse space under an operating lease that expires July 31, 2016. The lease has been amended to extend the warehouse portion of the lease to January 31, 2017, while the Organization has agreed to relinquish office space portion May 14, 2016. The lease requires monthly payments for warehouse space and office space of $3,940 and $1,680, respectively.

Rent expense was $72,956 in 2015.

NOTE 10: WAREHOUSE LEASE (Continued)

The following is a schedule by years of future minimum rental payments required under this lease.

Year Ending December 31,

2016	$ 54,840
2017	3,940
	$ 58,780

NOTE 11: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ASC 820, "Fair Value Measurements and Disclosures", defines fair value and establishes a consistent framework for measuring fair value for certain assets and liabilities. These provisions establish a fair value hierarchy that is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity that is significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis at December 31, 2015, were as follows:

	Total 2015	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Observable Inputs
Equity securities	$ 11,100	$ 11,100	$ -	$ -
Investments	11,100	11,100	-	-
Total	$ 11,100	$ 11,100	$ -	$ -

NOTE 12: RELATED PARTY TRANSACTIONS

The Organization receives in-kind office space valued at $4,125 per month from a company owned by the founder of the Organization who is also a board member.

An employee of the Organization owns a company that uses a portion of the Organization's warehouse space. The Organization charges the company rent and utilities for the allotment of space used of approximately $4,960.

NOTE 12: RELATED PARTY TRANSACTIONS (Continued)

The Organization provides substantially 100% of financial support to the foreign and separate legal entities of GO Haiti, GO Africa, and GO India. This support is shown as grants in the financial statements and payments to GO Haiti, GO Africa, and GO India totaled $1,862,456, $285,480, and $72,184, respectively.

NOTE 13: SUBSEQUENT EVENTS

In June of 2016, the Organization renegotiated the terms of the line of credit, which extended the due date to October 31, 2016 and raised the maximum borrowing limit to $500,000.

The Organization entered into a capital lease for printing press in June of 2016. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The lease requires 36 monthly payments of $2,000.

The following is a schedule by years of future minimum payments required under the capital lease:

2016	$ 12,000
2017	24,000
2018	24,000
2019	12,000
	$ 72,000

Subsequent events have been evaluated through June 23, 2016, which is the date the financial statements were available to be issued.

EMERICK & COMPANY, P.C.
David Emerick
Rick Hann
CERTIFIED PUBLIC ACCOUNTANTS, AUDITING AND TAX PROFESSIONALS

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Board of Trustees of
The Global Orphan Project, Inc.

We have audited the consolidated financial statements of The Global Orphan Project, Inc. and subsidiaries as of and for the year ended December 31, 2015, and have issued our report thereon dated June 23, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of contributors committed to funding management and general expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Emerick + Company, P.C.

Kansas City, Missouri
June 23, 2016

The Global Orphan Project, Inc. and Subsidiaries
Schedule of Contributors Committed to Funding
Management and General Expenses
Year Ended December 31, 2015

Support from Michael & Elizabeth Fox	$ 10,000
Support from Founders' Circle	786,105
	796,105

Management and General Expenses

Employee wages	$ 565,402
Payroll taxes	41,078
Employee benefits	59,936
Internet donation fees	22,356
Bank and merchant fees	4,649
Contract labor	4,438
Lodging	2,110
Transportation	5,258
Computer expenses	28,780
Meals	8,631
Training	867
Office supplies	8,681
Postage and shipping	6,521
Insurance	24,132
Telephone	18,488
Professional fees	14,777
Depreciation	2,020
Miscellaneous	251
Other In-kind	49,500
	867,875
	$ (71,770)

The Global Orphan Project, Inc. & Subsidiary
Notes to Supplemental Schedule
December 31, 2015

NOTE 1: EXPLANATION OF CONTRIBUTIONS UNDER EXPENSES

As of December 31, 2015, contributions from the Fox's and the Founders' Circle have surplus of approximately $988,000 over management and general expenses since inception. Therefore, no ministry donations were used to support operations of the ministry in 2015.