

The Global Orphan Project, Inc. & Subsidiary

**Independent Auditor's Report and
Consolidated Financial Statements**

December 31, 2018

The Global Orphan Project, Inc. & Subsidiary
Table of Contents
December 31, 2018

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities and Changes in Net Assets	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6-13
Independent Auditor's Report on Additional Information	14
Schedule of Contributors Committed to Funding Supporting Services Expenses Excluding Special Events	15



EMERICK & COMPANY, P.C.

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING AND TAX PROFESSIONALS

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 Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, 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 Subsidiary as of December 31, 2018, 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
July 3, 2019

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Financial Position
December 31, 2018

Assets

Current Assets

Cash and cash equivalents	\$ 2,601,498
Vision Trip receivables, net	10,625
Accounts receivable, net	88,523
Pledges receivable, net	165,794
Inventory	585,431
Prepaid expenses	59,189
Current portion of notes receivable - Life S.A.	271,798
Total Current Assets	<u>3,782,858</u>

Property and Equipment

Net of accumulated depreciation of \$402,004	<u>2,044,575</u>
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Noncurrent Assets

Pledges receivable, net	30,000
Notes receivable - Life S.A., net	1,358,990
Total Noncurrent Assets	<u>1,388,990</u>

Total Assets

\$ 7,216,423

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 262,490
Accrued expenses	13,858
Deferred revenue	2,680
Current portion of notes payable - promissory note	11,351
Current portion of notes payable - building	43,918
Current portion of notes payable - equipment	5,185
Total Current Liabilities	<u>339,482</u>

Noncurrent Liabilities

Notes payable - promissory note	21,444
Notes payable - building	985,793
Notes payable - equipment	844,815
Total Noncurrent Liabilities	<u>1,852,052</u>

Total Liabilities

2,191,534

Net Assets

Without donor restrictions	4,088,265
With donor restrictions	936,624
Total Net Assets	<u>5,024,889</u>

Total Liabilities and Net Assets

\$ 7,216,423

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Orphan care	\$ 4,510,963	\$ 836,675	\$ 5,347,638
Trip program services	682,164	-	682,164
GO fund - sustainability	431,321	-	431,321
GO Exchange	335,833	35,000	370,833
Operations	93,880	959,577	1,053,457
Special events	194,075	-	194,075
Sales, net of cost of goods sold	326,128	-	326,128
Equity in earnings of affiliate	(280,314)	-	(280,314)
In-kind revenue	216,529	577,750	794,279
Net assets released from restrictions	<u>2,024,115</u>	<u>(2,024,115)</u>	<u>-</u>
Total Revenue and Support	<u>8,534,694</u>	<u>384,887</u>	<u>8,919,581</u>
Expenses			
Program Services			
Orphan care	4,063,770	-	4,063,770
Orphan care mission trips	766,074	-	766,074
GO fund sustainability	621,633	-	621,633
GO Exchange merchandise	<u>898,993</u>	<u>-</u>	<u>898,993</u>
	<u>6,350,470</u>	<u>-</u>	<u>6,350,470</u>
Support Services			
Fundraising	281,035	-	281,035
Management and general	<u>1,225,513</u>	<u>-</u>	<u>1,225,513</u>
	<u>1,506,548</u>	<u>-</u>	<u>1,506,548</u>
Total Expenses	<u>7,857,018</u>	<u>-</u>	<u>7,857,018</u>
Change in Net Assets from Operations	677,676	384,887	1,062,563
Other Changes in Net Assets			
Interest income	94,574	-	94,574
Interest expense	(76,823)	-	(76,823)
Other income	94	-	94
Gain on disposal of equipment	<u>7,571</u>	<u>-</u>	<u>7,571</u>
Change in Net Assets	703,092	384,887	1,087,979
Net Assets, Beginning of Year	<u>3,385,173</u>	<u>551,737</u>	<u>3,936,910</u>
Net Assets, End of Year	<u>\$ 4,088,265</u>	<u>\$ 936,624</u>	<u>\$ 5,024,889</u>

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Support Services			Total Expenses	
	Orphan Care	Orphan Care Mission Trips	GO Fund Sustainability	GO Exchange Merchandise	Total	Fund - raising	Management and General		Total
Employee wages	\$ 1,006,074	\$ 91,961	\$ 121,184	\$ 241,119	\$ 1,460,338	\$ -	\$ 748,896	\$ 748,896	\$ 2,209,234
Payroll taxes	72,804	6,733	8,489	38,783	126,809	-	54,529	54,529	181,338
Employee benefits	144,636	14,214	18,172	63,541	240,563	-	100,036	100,036	340,599
Grants	2,190,823	181,277	462,503	-	2,834,603	-	-	-	2,834,603
Internet donation fees	-	-	-	16,244	16,244	-	31,993	31,993	48,237
Bank and merchant fees	-	-	-	4,081	4,081	-	5,877	5,877	9,958
Special events	78,119	19,581	-	-	97,700	149,803	-	149,803	247,503
Contract labor	139,250	-	-	74,772	214,022	-	8,449	8,449	222,471
Lodging	40,009	19,871	6,500	10,735	77,115	-	2,873	2,873	79,988
Transportation	130,737	397,065	3,350	25,328	556,480	-	18,896	18,896	575,376
Computer expenses	45,599	-	-	-	45,599	-	20,553	20,553	66,152
Meals	42,393	31,846	775	9,642	84,656	-	13,395	13,395	98,051
Training	44,925	91	-	-	45,016	-	7,965	7,965	52,981
Office supplies	-	-	-	28,941	28,941	-	15,922	15,922	44,863
Printing and publishing	6,958	-	-	-	6,958	17,618	-	17,618	24,576
Postage and shipping	351	36	-	-	387	-	4,398	4,398	4,785
Advertising	-	-	-	103,722	103,722	1,550	-	1,550	105,272
Insurance	-	-	-	16,307	16,307	-	34,296	34,296	50,603
Video	-	-	-	-	-	68,323	-	68,323	68,323
Telephone	10,593	506	-	-	11,099	-	15,145	15,145	26,244
Supplies	10,743	1,102	660	-	12,505	-	-	-	12,505
Product development	-	-	-	534	534	-	-	-	534
Professional fees	-	-	-	11,502	11,502	-	29,599	29,599	41,101
Depreciation	92,662	-	-	47,784	140,446	-	65,913	65,913	206,359
Web site	-	-	-	13,670	13,670	14,835	-	14,835	28,505
Bad debt expense	7,094	1,791	-	11,428	20,313	-	-	-	20,313
Donation of inventory	-	-	-	50,542	50,542	-	-	-	50,542
Giving to kids	-	-	-	71,624	71,624	-	-	-	71,624
Miscellaneous	-	-	-	22,216	22,216	28,906	2,864	31,770	53,986
Rent	-	-	-	-	-	-	1,800	1,800	1,800
Building maintenance and security	-	-	-	14,063	14,063	-	17,978	17,978	32,041
Utilities	-	-	-	22,415	22,415	-	24,136	24,136	46,551
	<u>\$ 4,063,770</u>	<u>\$ 766,074</u>	<u>\$ 621,633</u>	<u>\$ 898,993</u>	<u>\$ 6,350,470</u>	<u>\$ 281,035</u>	<u>\$ 1,225,513</u>	<u>\$ 1,506,548</u>	<u>\$ 7,857,018</u>

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Cash Flows
Year Ended December 31, 2018

Cash Flows from Operating Activities

Change in Net Assets	\$ 1,087,979
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	206,359
Donation of stock and software development	(794,279)
Donation of inventory	50,542
Cash contributions restricted for orphan care	(807,256)
Gain on disposal of equipment	(7,571)
Bad debt expense	20,313
Equity in earnings of affiliate	280,314
 (Increase) decrease in current assets:	
Vision Trip receivables	24,065
Accounts receivable	78,210
Pledges receivable	(68,772)
Inventory	(47,021)
Prepaid expenses	(20,948)
 Increase (decrease) in current liabilities:	
Accounts payable	(54,162)
Accrued expenses	10,715
Deferred revenue	<u>(6,678)</u>
 Net cash used by operating activities	<u>(48,190)</u>

Cash Flows from Investing Activities

Net change in property and equipment	(450,182)
Proceeds from sale of investments	772,798
Issuance of notes receivable - Life S.A.	<u>(523,763)</u>
 Net cash used by investing activities	<u>(201,147)</u>

Cash Flows from Financing Activities

Cash contributions restricted for orphan care	807,256
Net proceeds and payments on line of credit	(495,439)
Payments on promissory notes	(20,973)
Net payments and proceeds on building notes	(44,244)
Net payments and proceeds on equipment notes	<u>687,406</u>
 Net cash provided by financing activities	<u>934,006</u>

Net Increase in Cash 684,669

Cash and Cash Equivalents, Beginning of Year 1,916,829

Cash and Cash Equivalents, End of Year \$ 2,601,498

Supplemental Cash Flow Information

Cash paid for interest	<u><u>\$ 76,823</u></u>
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See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

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 break the orphan cycle through the power of community, commerce, and the love of Jesus. In addition to residential care, GO Project also supports education to children, family strengthening ministry services and, through GOEX (www.goex.org), its primary sustainability initiative, GO Project launches businesses to provide living-wage and quality jobs, to promote the dignity of work, and to help keep families together. Finally, through CarePortal (www.careportal.org), the connective ministry platform, GO Project facilitates the cooperation of church and state to support child welfare in the United States and around the world.

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:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds are maintained in perpetuity. The Organization has no net assets that must be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, GO Exchange LLC. 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 (IRS) to substantiate the Organization's continuing tax-exempt status. The last three years of these returns are open to IRS examination.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

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. Property and equipment lives range from three to 39 years.

Inventory

The Organization reports inventory at lower of cost or net realizable value. Inventory cost, consisting principally of clothing, 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 donor restricted revenue. When a donor restriction is met through the passage of time or fulfillment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 and software development.

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.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable in future periods are recognized as support in the period the promises are received.

Management provides an allowance for pledges receivable, 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, 2018 management determined that an allowance was not necessary.

Functional Expenses

The Organization allocates its expenses on a functional basis among programs, management and fund-raising. Expenses that can be identified with a specific program, management or fund-raising activity are assigned directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of the resources devoted to each function. The expenses that are allocated are salaries and wages, depreciation and some occupancy related expenses, which are based on estimates of time and effort.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2: AVAILABILITY AND LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures because of contractual restrictions.

Financial assets at year end:	
Cash and cash equivalents	\$ 2,601,498
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>1,102,857</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>1,498,641</u></u>

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 3: 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 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

Building	\$ 1,284,672
Furniture and equipment	388,744
Software	773,163
	<u>\$ 2,446,579</u>
Less: accumulated depreciation	<u>(402,004)</u>
Total	<u>\$ 2,044,575</u>

NOTE 5: PLEDGES RECEIVABLE

As of December 31, 2018, contributors to the Organization have made written unconditional promises to give, consisting of pledges as follows:

	Donor Restricted	Allowance for Uncollectible Pledges	Total
Less than one year	\$ 191,162	(25,368)	\$ 165,794
Due in two years	30,000	-	30,000
Total	<u>\$ 221,162</u>	<u>(25,368)</u>	<u>\$ 195,794</u>

NOTE 6: INVESTMENT IN UNCONSOLIDATED AFFILIATE

At December 31, 2018, 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 30th.

Life S.A.'s assets and liabilities totaled approximately \$578,931 and \$2,515,096, respectively, as of September 30, 2018. Life S.A.'s revenues and net loss for the year ended September 30, 2018 were \$1,060,310 and \$700,785, respectively.

The initial investment in Life S.A. of \$50,000 has been reduced to zero and the notes receivable, in accordance with policy discussed in note 7, have been reduced by \$280,314 to record the equity in earnings loss from the partnership investment during 2018. The cumulative reduction in the notes receivable amounts to \$742,051.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 7: NOTES RECEIVABLE – LIFE S.A.

Notes receivable represent funds advanced to Life S.A. partnership discussed in Note 6 above. Loans are stated at unpaid principal balances. The loans are collateralized by all the assets of Life S.A.

Repayment of the notes has been renegotiated to begin in January 2019, bear interest at 4% per annum, and mature in December 2025. 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. Based on the payment history, management has established an allowance against the note at nine percent of the net outstanding balance for a total of \$244,825 as of December 31, 2018.

NOTE 8: NOTES PAYABLE

Promissory Note

The Organization entered into a loan agreement with a former officer of the Organization during 2016. The loan had an original balance of \$80,000 with a balance of \$82,400 at December 31, 2016 including accrued interest. In 2017, the loan has been amended to forgive \$22,400, which has been recorded as a contribution. During 2018 another amendment was agreed upon bringing the balance to \$32,795 as of December 31, 2018. The amended loan bears interest at 4% and is to be paid in monthly installments of \$1,072 with a maturity on July 31, 2022.

The following is a schedule by years of future minimum payments required under the note as of December 31, 2018:

2019	\$ 11,351
2020	11,813
2021	9,631
	<u>\$ 32,795</u>

Building Notes

In August of 2016, the Organization purchased a building for operations. A construction loan was entered into as the building required remodeling and a mortgage was also obtained for the purchase.

The construction loan, was converted to a note in September 2017 and matures in September 2022. The note bears interest at 4% and requires monthly payments of \$1,132, with a balloon payment in the final month of approximately \$62,000.

The mortgage note on the building is to be paid over 20 years with payment terms negotiated through September 2021 at which time the parties will agree on further terms. The note bears interest at 4% and requires monthly payments of \$6,139.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 8: NOTES PAYABLE (Continued)

Building Notes (Continued)

The following is a schedule by years of future minimum principal payments required under the note as of December 31, 2018:

2019	\$ 43,918
2020	44,317
2021	44,734
2022	94,788
2023 and Thereafter	801,954
	<u>\$ 1,029,711</u>

Equipment Note

The Organization entered into a new loan agreement for \$850,000 in 2018. The Organization used these funds to pay off the balances of financing agreements related to equipment purchases, for additional equipment purchases and working capital. The loan requires interest only payments for the first 12 months. The total loan term is ten years after the initial 12 months with maturity in December 2029. Interest is charged at 6% for the first five years followed by the rate of United States Treasury obligations plus 3%, with the rate minimum of 5%.

The following is a schedule by years of future minimum principal payments required under the equipment notes as of December 31, 2018:

2019	\$ 5,185
2020	64,280
2021	68,244
2022	72,453
2023	76,922
Thereafter	562,916
	<u>\$ 850,000</u>

NOTE 9: NET ASSETS

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 donors who have committed to funding and designated their contributions for supporting services expenses excluding special events of the Organization.

Net assets with donor restrictions were as follows for the year ended December 31, 2018:

Orphan Care	\$ 462,194
Vision Trips	10,625
GO Exchange	35,000
Operations	428,805
	<u>\$ 936,624</u>

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 9: NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Orphan Care	\$ 506,224
Vision Trips	24,065
Operations	<u>1,493,826</u>
	<u>\$ 2,024,115</u>

NOTE 10: RELATED PARTY TRANSACTIONS

The Organization provides substantially 100% of financial support to the foreign and separate legal entities of GO Haiti, GO Africa, and GO India, which maintain separate board of directors from the Organization. This support is shown as grants in the financial statements and payments to GO Haiti, GO Africa, and GO India totaled \$1,709,827, \$350,222, and \$127,782, respectively.

Board of director contributions totaled approximately 14% of total revenue for the year ended December 31, 2018.

NOTE 11: CONDITIONAL PROMISE TO GIVE

The Organization has received conditional promise to give totaling \$150,000 to be used for CarePortal expansion. This award is contingent upon the demonstration of reasonable progress being made on expansion objectives. Since these promises are conditional, they are not recorded as revenue until such conditions are met.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 3, 2019, which is the date the financial statements were available to be issued.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle

On August 18, 2016, 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 assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to beginning balances.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE (Continued)

	Restated <u>2017</u>	As Previously Reported <u>2017</u>
Unrestricted net assets	\$ -	\$ 3,385,173
Temporarily restricted net assets	-	551,737
Net assets with donor restrictions	551,737	-
Net assets without donor restrictions	3,385,173	-



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 subsidiary as of and for the year ended December 31, 2018, and have issued our report thereon dated July 3, 2019, 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 supporting services expenses excluding special events 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
July 3, 2019

The Global Orphan Project, Inc. and Subsidiary
Schedule of Contributors Committed to Funding
Supporting Services Expenses Excluding Special Events
Year Ended December 31, 2018

Support from Michael & Elizabeth Fox	\$ 573,973
Support from Founders' Circle	891,634
	<u>1,465,607</u>

Supporting Services Expenses Excluding Special Event Costs

Employee wages	748,896
Payroll taxes	54,529
Employee benefits	100,036
Internet donation fees	31,993
Bank and merchant fees	5,877
Contract labor	8,449
Lodging	2,873
Transportation	18,896
Computer expenses	20,553
Meals	13,395
Training	7,965
Office supplies	15,922
Printing and publishing	17,618
Postage and shipping	4,398
Advertising	1,550
Insurance	34,296
Video	68,323
Telephone	15,145
Professional fees	29,599
Depreciation	65,913
Web site	14,835
Miscellaneous	31,770
Rent	1,800
Building maintenance and security	17,978
Utilities	24,136
	<u>1,356,745</u>
	<u>\$ 108,862</u>