

The Global Orphan Project, Inc. and Subsidiary

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

December 31, 2020

The Global Orphan Project, Inc. and Subsidiary
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EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT

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

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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of the The Global Orphan Project, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Orphan Project, Inc. and Subsidiary's internal control over financial reporting and compliance.

Emerick + Company, P.C.

Kansas City, Missouri
September 24, 2021

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 7,391,588
Vision Trip receivables, net	4,796
Accounts receivable, net	232,195
Pledges receivable, net	15,465
Grants receivable	64,847
Investments	201,437
Contract assets	2,500
Inventory	950,574
Prepaid expenses	120,699
Beneficial interest in assets held by others	25,559
Total Current Assets	<u>9,009,660</u>

Property and Equipment

Net of accumulated depreciation of \$1,394,454	<u>2,921,278</u>
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Total Assets

\$ 11,930,938

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 231,506
Accrued expenses	73,833
Contract liabilities	184,909
Current portion of notes payable - building	29,960
Current portion of notes payable - equipment	141,780
Current portion of notes payable - PPP	467,832
Total Current Liabilities	<u>1,129,820</u>

Noncurrent Liabilities

Notes payable - building	826,322
Notes payable - equipment	305,140
Notes payable - PPP	134,668
Total Noncurrent Liabilities	<u>1,266,130</u>

Total Liabilities

2,395,950

Net Assets

Without donor restrictions	6,366,180
With donor restrictions	3,168,808
Total Net Assets	<u>9,534,988</u>

Total Liabilities and Net Assets

\$ 11,930,938

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Orphan care and prevention	6,663,126	\$ 3,837,414	\$ 10,500,540
Trip program services	37,731	-	37,731
Orphan transition	38,551	-	38,551
Operations	-	1,840,313	1,840,313
Government grants	157,343	-	157,343
Software fees	832,719	-	832,719
Sales, net of cost of goods sold	268,120	-	268,120
Loss on equity interest in affiliate	(165,777)	-	(165,777)
In-kind revenue	250,011	20,307	270,318
Net assets released from restrictions	3,651,915	(3,651,915)	-
	<u>11,733,739</u>	<u>2,046,119</u>	<u>13,779,858</u>
Total Revenue and Support			
Expenses			
Program Services			
Orphan care and prevention	6,657,320	-	6,657,320
Orphan care mission trips	159,295	-	159,295
Orphan transition	373,699	-	373,699
GOEX	1,009,653	-	1,009,653
	<u>8,199,967</u>	<u>-</u>	<u>8,199,967</u>
Support Services			
Fundraising	123,554	-	123,554
Management and general	1,579,354	-	1,579,354
	<u>1,702,908</u>	<u>-</u>	<u>1,702,908</u>
Total Expenses	<u>9,902,875</u>	<u>-</u>	<u>9,902,875</u>
Change in Net Assets from Operations	1,830,864	2,046,119	3,876,983
Other Changes in Net Assets			
Interest income	6,264	-	6,264
Interest expense	(65,758)	-	(65,758)
Other income	9,595	-	9,595
Gain on disposal of equipment	970	-	970
	<u>1,781,935</u>	<u>2,046,119</u>	<u>3,828,054</u>
Change in Net Assets			
Net Assets, Beginning of Year	<u>4,584,245</u>	<u>1,122,689</u>	<u>5,706,934</u>
Net Assets, End of Year	<u>\$ 6,366,180</u>	<u>\$ 3,168,808</u>	<u>\$ 9,534,988</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, 2020

	Program Services				Support Services				Total Expenses
	Orphan Care and Prevention	Vision Trips	Orphan Transition	GOEX	Total	Fund - raising	Management and General	Total	
Employee wages	\$ 1,917,381	\$ -	\$ -	\$ 333,362	\$ 2,250,743	\$ -	\$ 829,212	\$ 829,212	\$ 3,079,955
Payroll taxes	140,590	-	-	14,167	154,757	-	59,045	59,045	213,802
Employee benefits	295,623	-	-	36,616	332,239	-	164,962	164,962	497,201
Grants	3,230,939	117,658	373,660	261,995	3,984,252	-	-	-	3,984,252
Internet donation fees	-	-	-	26,112	26,112	-	35,640	35,640	61,752
Bank and merchant fees	-	-	-	1,720	1,720	-	10,794	10,794	12,514
Special events	23,960	-	-	-	23,960	-	-	-	23,960
Contract labor	280,295	-	-	27,148	307,443	-	34,000	34,000	341,443
Travel	101,755	35,465	-	37,217	174,437	-	24,991	24,991	199,428
Computer expenses	90,962	-	-	6,564	97,526	-	111,054	111,054	208,580
Training	60,899	611	39	-	61,549	-	19,215	19,215	80,764
Office supplies	-	-	-	28,075	28,075	-	25,516	25,516	53,591
Printing and publishing	4,798	-	-	-	4,798	11,218	-	11,218	16,016
Postage and shipping	896	-	-	28	924	-	4,961	4,961	5,885
Advertising	63,260	-	-	39,563	102,823	25	-	25	102,848
Insurance	21,407	-	-	21,301	42,708	-	40,595	40,595	83,303
Video	-	-	-	-	-	36,529	-	36,529	36,529
Telephone	2,775	-	-	3,545	6,320	-	12,639	12,639	18,959
Supplies	11,830	-	-	-	11,830	-	-	-	11,830
Product development	-	-	-	12,845	12,845	-	-	-	12,845
Professional fees	-	-	-	14,291	14,291	-	36,700	36,700	50,991
Depreciation	397,496	-	-	75,376	472,872	-	137,196	137,196	610,068
Web site	-	-	-	40,048	40,048	31,708	-	31,708	71,756
Bad debt expense	10,001	5,561	-	-	15,562	-	-	-	15,562
Miscellaneous	-	-	-	6,658	6,658	44,074	245	44,319	50,977
Rent	2,453	-	-	-	2,453	-	1,200	1,200	3,653
Building maintenance and security	-	-	-	8,777	8,777	-	4,703	4,703	13,480
Utilities	-	-	-	14,245	14,245	-	23,637	23,637	37,882
Property taxes	-	-	-	-	-	-	3,049	3,049	3,049
	<u>\$ 6,657,320</u>	<u>\$ 159,295</u>	<u>\$ 373,699</u>	<u>\$ 1,009,653</u>	<u>\$ 8,199,967</u>	<u>\$ 123,554</u>	<u>\$ 1,579,354</u>	<u>\$ 1,702,908</u>	<u>\$ 9,902,875</u>

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities

Change in Net Assets	\$ 3,828,054
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	610,068
Donation of stock	(270,318)
Cash contributions restricted for orphan care	(3,892,949)
Gain on disposal of equipment	(970)
Bad debt expense	15,562
Loss on equity interest in affiliate	165,777
(Increase) decrease in current assets:	
Vision Trip receivables	(817)
Accounts receivable	25,226
Pledges receivable	120,382
Grants receivable	51,922
Contract assets	4,583
Inventory	(227,981)
Prepaid expenses	(33,441)
Beneficial interest in assets held by others	(25,559)
Increase (decrease) in current liabilities:	
Accounts payable	2,830
Accrued expenses	33,771
Contract liabilities	139,404
	545,544
Net cash provided by operating activities	545,544

Cash Flows from Investing Activities

Net purchases of property and equipment	(1,109,300)
Purchases of investments	(72,567)
	(1,181,867)
Net cash used by investing activities	(1,181,867)

Cash Flows from Financing Activities

Cash contributions restricted for orphan care	3,892,949
Payments on equipment notes	(403,080)
Payments on building notes	(127,333)
Proceeds from Payroll Protection Program note payable	602,500
	3,965,036
Net cash provided by financing activities	3,965,036

Net Increase in Cash 3,328,713

Cash and Cash Equivalents, Beginning of Year 4,062,875

Cash and Cash Equivalents, End of Year \$ 7,391,588

Supplemental Cash Flow Information

Cash paid for interest	\$ 65,758
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See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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), a connective ministry platform, GO Project facilitates the cooperation of church and state to support child welfare in the United States and around the world.

Basis of Presentation

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.

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.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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.

Beneficial Interest in Assets Held by Others

The Organization maintains The Global Orphan Project Fund with the National Christian Foundation (the Foundation). The market value of the fund is considered an asset (beneficial interest in assets held by others) of the Organization and is included in the accompanying statements of financial position as of December 31, 2020. Earnings on the beneficial interest in assets held by others, net of any service fees, are reinvested in the fund. The Organization's Board of Directors and staff members may recommend grant distributions to be approved by the Foundation. Distributions are subject to specified criteria and the Foundation reserves the right to make the final decision regarding distributions from the fund including variance power. There were no funds distributed during the year ended December 31, 2020.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Contributions, Revenue Recognition, and Accounts Receivable

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.

The Organization's accounts receivable balance is associated with two revenue streams that are subject to Topic 606, *Revenue from Contracts with Customers*. The two revenue streams are sales of clothing and screen-printing services through the subsidiary GO Exchange LLC and software subscription fees for the CarePortal platform.

Clothing and screen-printing revenue is recognized at a point in time when the orders leave the warehouse.

Software fees are recognized over time on a monthly basis based upon the length of the software subscription.

Contracts rarely contain variable consideration and any variable consideration is considered immaterial. No allowance for doubtful accounts was deemed necessary as of December 31, 2020.

NOTE 2: CONTRACT BALANCES

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances or deposits (contract liabilities).

	<u>Receivables</u>	<u>Contract Assets</u>	<u>Contract Liabilities</u>
Beginning of year	\$ 257,421	\$ 7,083	\$ 45,505
End of year	232,195	2,500	184,909

NOTE 3: 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, 2020, reduced by amounts that are not available to meet general expenditures because of contractual restrictions.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 3: AVAILABILITY AND LIQUIDITY (CONTINUED)

Financial assets at year end:	
Cash and cash equivalents	\$ 7,391,588
Receivables	317,303
Investments	201,437
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>3,168,808</u>
Financial assets available to meet general expenditures over the next twelve months	
	\$ <u>4,741,520</u>

NOTE 4: 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 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020:

Building	\$ 1,519,146
Furniture and equipment	458,392
Software	<u>2,338,194</u>
	\$ 4,315,732
Less: accumulated depreciation	<u>(1,394,454)</u>
Total	\$ <u>2,921,278</u>

NOTE 6: PLEDGES RECEIVABLE

As of December 31, 2020, contributors to the Organization have made written unconditional promises to give, consisting of pledges as follows:

	Donor Restricted	Allowance for Uncollectible Pledges	Total
Amount due in less than one year	\$ 19,331	(3,866)	\$ 15,465

NOTE 7: 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.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 7: FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2020, were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Observable Inputs
Equity securities	\$201,437	\$201,437	\$ -	\$ -
Beneficial Interest in assets held by others	25,559	-	25,559	-

Equity securities

Equity securities are reported at fair value based on quoted market prices.

Beneficial interest in assets held by others

The carrying value of the equity pool is reported at fair value based on quoted market prices.

NOTE 8: INVESTMENT IN UNCONSOLIDATED AFFILIATE

At December 31, 2020, the Organization held a 41% 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. The initial investment in Life S.A. of \$50,000 and the notes receivable have been reduced to zero.

Life S.A.'s assets and liabilities were approximately \$304,773 and \$3,839,302, respectively, as of September 30, 2020. Life S.A.'s revenues and net loss for the year ended September 30, 2020 were \$509,786 and \$426,105, respectively.

NOTE 9: NOTES PAYABLE

Building Note

In August of 2016, the Organization purchased a building for operations and a mortgage was obtained for the purchase.

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. See Note 12 for refinancing agreement. 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, 2020

NOTE 9: NOTES PAYABLE (CONTINUED)

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 for working capital. The loan was refinanced in January of 2020 and later refinanced in June of 2020. The loan bears interest at 3.5% and requires monthly payments of \$12,930. The loan matures on June 30, 2025.

PPP Loan

In April 2020, the Organization qualified for a loan program under the Coronavirus Aid, Relief and Economic Security (CARES) Act and entered into a debt agreement for \$602,500. The proceeds will be utilized to fund payroll and other operating expenses. The loan bears interest at 1% and required payments of \$33,738 beginning November 8, 2020. The balance of the loan is due April 8, 2022. Portions or all of the loan may be forgiven, provided certain requirements of the U.S. Small Business Administration Paycheck Protection Program, including provisions of the CARES Act, are met.

The following is a schedule by years of future minimum principal payments required under the PPP note as of December 31, 2020:

For the year ending December 31,		
2021	\$	467,832
2022		<u>134,668</u>
	\$	<u>602,500</u>

The Organization applied for forgiveness and the entire loan balance was forgiven subsequent to December 31, 2020.

The following is a schedule by years of future minimum principal payments required under the equipment note as of December 31, 2020:

2021	\$	141,780
2022		146,822
2023		152,044
2024		<u>6,274</u>
	\$	<u>446,920</u>

The following is a schedule by years of future minimum principal payments required under the building notes as of December 31, 2020:

2021	\$	29,960
2022		-
2023		-
2024		-
2025		-
Thereafter		<u>826,322</u>
	\$	<u>856,282</u>

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 10: NET ASSETS

Donations for operations are considered restricted because the Organization guarantees that 100% of any general contributions will be used for program services. Donors who have committed to funding operational expenses have designated their contributions for supporting services expenses excluding special events of the Organization and their contributions are considered restricted.

Net assets with donor restrictions were as follows for the year ended December 31, 2020:

International Orphan Care	\$ 1,806,933
Care Portal	531,014
Vision Trips	4,796
Technology	357,107
Operations	<u>468,958</u>
	<u>\$ 3,168,808</u>

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

International Orphan Care	\$ 735,465
Care Portal	421,884
Technology	741,263
Operations	<u>1,753,303</u>
	<u>\$ 3,651,915</u>

NOTE 11: 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 recorded as grants in the financial statements and grants to GO Haiti, GO Africa, GO MENA, and GO India were \$1,580,177, \$498,949, \$649,317 and \$125,683 respectively, for the year ended December 31, 2020.

Board of director contributions were approximately 19% of total revenue for the year ended December 31, 2020.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 24, 2021, which is the date the financial statements were available to be issued.

Equipment Note Payment

The equipment note payable, as described in Note 9, was paid in full by the Organization in January 2021.

Building Note Refinance

In May 2021, the Organization refinanced the building note. The note bears interest at 3.68% and requires monthly payments of \$3,628 with 1 balloon payment at maturity in May 2026.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2020

NOTE 12: SUBSEQUENT EVENTS (CONTINUED)

The following is a schedule by years of future minimum principal payments required under the new building note:

2021	\$ 16,938
2022	26,198
2023	27,179
2024	28,196
2025	29,251
2026	<u>372,238</u>
	<u>\$ 500,000</u>

Line of Credit

In May 2021, the Organization entered into a revolving line of credit agreement up to \$500,000. There is no outstanding balance as of the date of report issuance.

NOTE 13: UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak in the United States and the related work restrictions has impacted the Organization primarily through a decrease in revenue for clothing and screen-printing sales for GO Exchange, LLC. The extent to which these events will affect the future financial position and the related changes in net assets and cash flows is unknown.



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS
David Emerick • James Flanagan • Rick Hann • Kristy Helt

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, 2020, and have issued our report thereon dated September 24, 2021, 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 and the schedule of state awards – Oklahoma department of human services 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
September 24, 2021

**The Global Orphan Project, Inc. and Subsidiary
Schedule of Contributors Committed to Funding
Supporting Services Expenses Excluding Special Events
Year Ended December 31, 2020**

Support from Michael & Elizabeth Fox	\$ 437,627
Support from Founders' Circle	1,434,034
	1,871,661

Supporting Services Expenses Excluding Special Event Costs

Employee wages	829,212
Payroll taxes	59,045
Employee benefits	164,962
Internet donation fees	35,640
Bank and merchant fees	10,794
Contract labor	34,000
Travel	24,991
Computer expenses	111,054
Training	19,215
Office supplies	25,516
Printing and publishing	11,218
Postage and shipping	4,961
Advertising	25
Insurance	40,595
Video	36,529
Telephone	12,639
Professional fees	36,700
Depreciation	137,196
Web site	31,708
Miscellaneous	44,319
Rent	1,200
Building maintenance and security	4,703
Utilities	23,637
Property Taxes	3,049
	1,702,908
	\$ 168,753

See Accompanying Independent Auditor's Supplemental Report

The Global Orphan Project, Inc.
Supplementary Schedule of State Awards - Oklahoma Department of Human Services
Schedule of Revenue and Expenditures
For the Year Ended December 31, 2020

Revenue Information

<u>Funding Source</u>	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Oklahoma DHS Contract #20000470	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667

Expenditure Information

<u>Line Item</u>	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Program expenses:												
Personnel	\$ 15,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 12,667
Grants	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	4,000
	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Global Orphan Project, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

2020-001

Criteria: Management is responsible for establishing and maintaining effective monitoring controls ensuring that grant compliance is properly maintained.

Condition: Management failed to submit an audit performed under *Government Auditing Standards* in compliance with the Kansas Department for Children and Families (Kansas DCF) Recipient Monitoring Policy.

Cause: Monitoring procedures not adequately tracking compliance requirements.

Effect: Management failed to submit an audit performed under *Government Auditing Standards* in compliance with the Kansas DCF Recipient Monitoring Policy.

Global Orphan Project, Inc's Response to Findings

Global Orphan Project, Inc. and Subsidiary reviewed the Recipient Monitoring Policy of Kansas DCF. Additionally, the Organization obtained an audit for the year ended December 31, 2020 in accordance with *Government Auditing Standards* as requested by Kansas DCF.

Global Orphan Project, Inc. and Subsidiary's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Emerich + Company, P.C.

Kansas City, Missouri
September 24, 2021