

The Global Orphan Project, Inc. and Subsidiary

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

December 31, 2021

**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

Opinion

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, 2021, 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 consolidated financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Global Orphan Project, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Orphan Project, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Global Orphan Project, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Orphan Project, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 on our consideration of 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.

Emerich + Company, P.C.

Kansas City, Missouri
October 20, 2022

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Financial Position
December 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 7,470,197
Vision Trip receivables, net	4,796
Accounts receivable, net	212,733
Pledges receivable, net	4,656
Grants receivable	655,536
Inventory	833,726
Prepaid expenses	11,889
Beneficial interest in assets held by others	26,449
Total Current Assets	9,219,982

Property and Equipment

Net of accumulated depreciation of \$2,177,220	2,867,772
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Total Assets

\$ 12,087,754

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 325,675
Accrued expenses	116,305
Contract liabilities	135,085
Current portion of note payable - building	26,198
Total Current Liabilities	603,263

Noncurrent Liabilities

Note payable - building	457,343
Total Noncurrent Liabilities	457,343

Total Liabilities

1,060,606

Net Assets

Without donor restrictions	9,131,035
With donor restrictions	1,896,113
Total Net Assets	11,027,148

Total Liabilities and Net Assets

\$ 12,087,754

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Orphan care and prevention	\$ 8,639,230	\$ 2,183,892	\$ 10,823,122
Trip program services	54,896	-	54,896
Orphan transition	71,007	-	71,007
Operations	24,417	980,470	1,004,887
Government grants	693,214	432,201	1,125,415
Software fees	977,943	-	977,943
Sales, net of cost of goods sold	613,980	-	613,980
Special events	275,382	-	275,382
Loss on equity interest in affiliate	(152,930)	-	(152,930)
Donation of stocks	561,737	376,747	938,484
Net assets released from restrictions	5,246,005	(5,246,005)	-
	<u>17,004,881</u>	<u>(1,272,695)</u>	<u>15,732,186</u>
Expenses			
Program Services			
Orphan care and prevention	10,999,821	-	10,999,821
Vision trips	176,127	-	176,127
Orphan transition	482,627	-	482,627
GO Exchange merchandise	1,189,477	-	1,189,477
	<u>12,848,052</u>	<u>-</u>	<u>12,848,052</u>
Support Services			
Fundraising	221,432	-	221,432
Management and general	1,777,975	-	1,777,975
	<u>1,999,407</u>	<u>-</u>	<u>1,999,407</u>
	<u>14,847,459</u>	<u>-</u>	<u>14,847,459</u>
Change in Net Assets from Operations	2,157,422	(1,272,695)	884,727
Other Changes in Net Assets			
Interest income	15,321	-	15,321
Interest expense	(24,961)	-	(24,961)
Payroll protection program loan forgiveness	602,500	-	602,500
Other income	6,182	-	6,182
Gain on disposal of equipment	8,391	-	8,391
	<u>2,764,855</u>	<u>(1,272,695)</u>	<u>1,492,160</u>
Change in Net Assets	2,764,855	(1,272,695)	1,492,160
Net Assets, Beginning of Year	6,366,180	3,168,808	9,534,988
Net Assets, End of Year	<u>\$ 9,131,035</u>	<u>\$ 1,896,113</u>	<u>\$ 11,027,148</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, 2021

	Program Services				Support Services				Total Expenses
	Orphan Care and Prevention	Vision Trips	Orphan Transition	GO Exchange Merchandise	Total	Fund - raising	Management and General	Total	
Employee wages	\$ 3,150,151	\$ -	\$ -	\$ 378,001	\$ 3,528,152	\$ -	\$ 946,052	\$ 946,052	\$ 4,474,204
Payroll taxes	242,884	-	-	29,324	272,208	-	66,827	66,827	339,035
Employee benefits	470,652	-	-	72,312	542,964	-	192,258	192,258	735,222
Grants	5,149,864	96,608	482,627	263,095	5,992,194	-	-	-	5,992,194
Internet donation fees	-	-	-	38,787	38,787	-	34,289	34,289	73,076
Bank and merchant fees	-	-	-	4,884	4,884	-	12,199	12,199	17,083
Special events	-	3,791	-	-	3,791	143,791	-	143,791	147,582
Contract labor	431,519	-	-	88,289	519,808	-	34,500	34,500	554,308
Travel	316,051	74,077	-	10,363	400,491	-	38,436	38,436	438,927
Computer expenses	103,214	-	-	7,111	110,325	-	121,758	121,758	232,083
Training	231,488	639	-	-	232,127	-	17,101	17,101	249,228
Office supplies	-	-	-	35,418	35,418	-	12,186	12,186	47,604
Printing and publishing	21,920	-	-	-	21,920	15,337	-	15,337	37,257
Postage and shipping	2,025	-	-	-	2,025	-	2,432	2,432	4,457
Advertising	102,540	-	-	61,792	164,332	70	-	70	164,402
Insurance	35,330	-	-	14,872	50,202	-	62,908	62,908	113,110
Video	97,824	-	-	-	97,824	2,507	-	2,507	100,331
Telephone	6,671	-	-	3,545	10,216	-	10,182	10,182	20,398
Supplies	34,405	-	-	-	34,405	-	-	-	34,405
Product development	-	-	-	17,598	17,598	-	-	-	17,598
Consulting/professional fees	-	-	-	6,575	6,575	-	54,709	54,709	61,284
Depreciation	587,434	-	-	70,225	657,659	-	124,830	124,830	782,489
Website	-	-	-	28,584	28,584	46,057	-	46,057	74,641
Bad debt expense	12,850	1,012	-	-	13,862	-	-	-	13,862
Donation of inventory	-	-	-	678	678	-	-	-	678
Miscellaneous	-	-	-	36,452	36,452	13,670	3,928	17,598	54,050
Rent	2,999	-	-	-	2,999	-	5,000	5,000	7,999
Building maintenance and security	-	-	-	8,352	8,352	-	859	859	9,211
Utilities	-	-	-	13,220	13,220	-	33,723	33,723	46,943
Property taxes	-	-	-	-	-	-	3,798	3,798	3,798
	<u>\$ 10,999,821</u>	<u>\$ 176,127</u>	<u>\$ 482,627</u>	<u>\$ 1,189,477</u>	<u>\$ 12,848,052</u>	<u>\$ 221,432</u>	<u>\$ 1,777,975</u>	<u>\$ 1,999,407</u>	<u>\$ 14,847,459</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, 2021

Cash Flows from Operating Activities

Change in Net Assets	\$ 1,492,160
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	782,489
Donation of stock	(938,484)
Gain on disposal of equipment	(8,391)
Bad debt expense	13,862
Loss on equity interest in affiliate	152,930
Payroll protection program loan forgiveness	(602,500)
(Increase) decrease in current assets:	
Accounts receivable	19,462
Pledges receivable	10,809
Grants receivable	(590,689)
Contract assets	2,500
Inventory	116,848
Prepaid expenses	108,810
Beneficial interest in assets held by others	(890)
Increase (decrease) in current liabilities:	
Accounts payable	94,188
Accrued expenses	42,453
Contract liabilities	(49,824)
Net cash provided by operating activities	645,733

Cash Flows from Investing Activities

Net purchases of property and equipment	(729,260)
Purchases of investments	981,797
Net cash provided by investing activities	252,537

Cash Flows from Financing Activities

Payments on equipment notes	(446,920)
Payments on building notes	(372,741)
Net cash used in financing activities	(819,661)

Net Increase in Cash 78,609

Cash and Cash Equivalents, Beginning of Year 7,391,588

Cash and Cash Equivalents, End of Year \$ 7,470,197

Supplemental Cash Flow Information

Cash paid for interest \$ 24,961

Supplemental Non-Cash Transactions

Payroll protection program loan forgiveness \$ 602,500

Stock donations \$ 938,484

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021

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, 2021

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 statement of financial position as of December 31, 2021. 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, 2021.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021

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*.

Clothing and screen-printing revenue is recognized at a point in time as 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 immaterial.

No allowance for doubtful accounts was deemed necessary as of December 31, 2021.

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	\$ 232,195	\$ 2,500	\$ 184,909
End of year	212,733	-	135,085

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, 2021, 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, 2021

NOTE 3: AVAILABILITY AND LIQUIDITY (CONTINUED)

Financial assets at year end:	
Cash and cash equivalents	\$ 7,470,197
Receivables	877,721
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>1,896,113</u>
Financial assets available to meet general expenditures over the next twelve months	
	\$ <u>6,451,805</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, 2021:

Building	\$ 1,539,856
Furniture and equipment	562,365
Software	<u>2,942,771</u>
	\$ 5,044,992
Less: accumulated depreciation	<u>(2,177,220)</u>
Total	\$ <u>2,867,772</u>

NOTE 6: PLEDGES RECEIVABLE

As of December 31, 2021, 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	\$ 5,820	(1,164)	\$ 4,656

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:

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021

NOTE 7: FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021, were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Observable Inputs
Beneficial interest in assets held by others	\$ 26,449	\$ -	\$ 26,449	\$ -

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, 2021, 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 \$269,851 and \$3,399,382, respectively, as of September 30, 2021. Life S.A.'s revenues and net loss for the year ended September 30, 2021 were \$297,435 and \$373,001, respectively.

NOTE 9: NOTE PAYABLE

Building Note

The mortgage note on the building is to be paid over 60 months with payment terms negotiated through May 2026. The note bears interest at 3.68% and requires monthly payments of \$3,628 with one balloon payment at maturity.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021

NOTE 9: NOTE PAYABLE (CONTINUED)

The following is a schedule by years of future minimum principal payments required under the building note as of December 31, 2021:

2022		\$ 26,198
2023		27,179
2024		28,196
2025		29,251
2026		<u>372,717</u>
		<u>\$ 483,541</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 10: PAYROLL PROTECTION PROGRAM 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 were utilized to fund payroll and other operating expenses. The Organization received notification during the year ended December 31, 2021 that the loan balance was forgiven in full, and it was recognized as income for the year ended December 31, 2021.

NOTE 11: NET ASSETS

Some 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, 2021:

Orphan care		\$ 503,426
Care Portal		1,012,891
Time restricted		375,000
Vision trips		<u>4,796</u>
		<u>\$ 1,896,113</u>

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		\$ 1,931,036
Care Portal		1,488,794
Operations		<u>1,826,175</u>
		<u>\$ 5,246,005</u>

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021

NOTE 12: 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 \$2,157,353, \$1,033,559, \$261,248 and \$192,857 respectively, for the year ended December 31, 2021.

The board of directors donated approximately \$1.4 million during the year ended December 31, 2021, which is approximately 9% of total contributions.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 20, 2022, which is the date the financial statements were available to be issued.

NOTE 14: 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.

NOTE 15: RETIREMENT PLAN

The Organization offers a 401(k) plan that full-time employees are eligible to participate in. During the year ended December 31, 2021 employer contributions to the plan were \$138,262.



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, 2021, and have issued our report thereon dated October 20, 2022, 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 for the year ended December 31, 2021 and the schedule of state awards – Oklahoma Department of Human Services schedule of revenue and expenditures for the year ended December 31, 2021 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
October 20, 2022

**The Global Orphan Project, Inc. and Subsidiary
Schedule of Contributors Committed to Funding
Supporting Services Expenses Excluding Special Events
Year Ended December 31, 2021**

Support from Michael and Elizabeth Fox	\$ 356,624
Support from Founders' Circle	1,000,593
	1,357,217

Supporting Services Expenses Excluding Special Event Costs

Employee wages	946,052
Payroll taxes	66,827
Employee benefits	192,258
Internet donation fees	34,289
Bank and merchant fees	12,199
Contract labor	34,500
Travel	38,436
Computer expenses	121,758
Training	17,101
Office supplies	12,186
Printing and publishing	15,337
Postage and shipping	2,432
Advertising	70
Insurance	62,908
Video	2,507
Telephone	10,182
Consulting/professional fees	54,709
Depreciation	124,830
Website	46,057
Miscellaneous	17,598
Rent	5,000
Building maintenance and security	859
Utilities	33,723
Property taxes	3,798
	1,855,616
	\$ (498,399)

See Accompanying Independent Auditor's Supplemental Report

The Global Orphan Project, Inc. & Subsidiary
Notes to Schedule of Contributors Committed to Funding Supporting Services
Expenses Excluding Special Events
December 31, 2021

NOTE 1: EXPLANATION OF DEFICIT OF FOX AND FOUNDERS' CIRCLE CONTRIBUTIONS TO SUPPORTING SERVICES EXPENSES

Through December 31, 2021 since inception, contributions from the Fox's and the Founders' Circle have exceeded management and general expenses by approximately \$1,234,354. Therefore, no ministry donations outside of the Fox's and Founders' Circle have been used to support operations of the ministry in 2021.

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, 2021

Revenue Information

<u>Funding Source</u>	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
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-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
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



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

**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, 2021, 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 October 20, 2022.

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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
October 20, 2022