

The Global Orphan Project, Inc. and Subsidiary

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

December 31, 2022

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. (a nonprofit organization) and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, 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, 2022, 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 July 3, 2023 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
July 3, 2023

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash and cash equivalents	\$ 5,467,549
Vision Trip receivables, net	4,796
Accounts receivable, net	205,858
Pledges receivable, net	929
Grants receivable	1,098,369
Inventory	1,565,784
Investments	248,428
Prepaid expenses	106,469
Beneficial interest in assets held by others	320,394
Total Current Assets	9,018,576

Property and Equipment

Net of accumulated depreciation of \$3,154,251	2,634,826
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Total Assets

\$ 11,653,402

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 200,724
Accrued expenses	214,910
Contract liabilities	157,279
Current portion of note payable - building	27,179
Total Current Liabilities	600,092

Noncurrent Liabilities

Note payable - building	430,420
Total Noncurrent Liabilities	430,420

Total Liabilities

1,030,512

Net Assets

Without donor restrictions	9,157,546
With donor restrictions	1,465,344
Total Net Assets	10,622,890

Total Liabilities and Net Assets

\$ 11,653,402

The Global Orphan Project, Inc. and Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Orphan care and prevention	\$ 9,222,775	\$ 3,811,624	\$ 13,034,399
Trip program services	7,761	-	7,761
Operations	18,493	873,041	891,534
Government grants	841,280	750,000	1,591,280
Software fees	1,042,769	-	1,042,769
Sales, net of cost of goods sold	630,927	-	630,927
Special events	301,960	-	301,960
Loss on equity interest in affiliate	(219,383)	-	(219,383)
Donation of stock	1,066,692	255,234	1,321,926
Net assets released from restrictions	6,120,668	(6,120,668)	-
	<u>19,033,942</u>	<u>(430,769)</u>	<u>18,603,173</u>
Total Revenue and Support			
Expenses			
Program Services			
Orphan care and prevention	15,385,031	-	15,385,031
Vision trips	15,027	-	15,027
Orphan transition	426,003	-	426,003
GO Exchange merchandise	963,175	-	963,175
	<u>16,789,236</u>	<u>-</u>	<u>16,789,236</u>
Support Services			
Fundraising	221,120	-	221,120
Management and general	1,984,940	-	1,984,940
	<u>2,206,060</u>	<u>-</u>	<u>2,206,060</u>
Total Expenses	<u>18,995,296</u>	<u>-</u>	<u>18,995,296</u>
Change in Net Assets from Operations	38,646	(430,769)	(392,123)
Other Changes in Net Assets			
Interest income	23,796	-	23,796
Interest expense	(17,600)	-	(17,600)
Other income	2,158	-	2,158
Loss on disposal of equipment	(20,489)	-	(20,489)
	<u>26,511</u>	<u>(430,769)</u>	<u>(404,258)</u>
Change in Net Assets	26,511	(430,769)	(404,258)
Net Assets, Beginning of Year	<u>9,131,035</u>	<u>1,896,113</u>	<u>11,027,148</u>
Net Assets, End of Year	<u>\$ 9,157,546</u>	<u>\$ 1,465,344</u>	<u>\$ 10,622,890</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, 2022

	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	\$ 4,606,764	\$ -	\$ -	\$ 358,173	\$ 4,964,937	\$ -	\$ 1,048,609	\$ 1,048,609	\$ 6,013,546
Payroll taxes	372,261	-	-	25,527	397,788	-	78,217	78,217	476,005
Employee benefits	672,685	-	-	50,915	723,600	-	196,995	196,995	920,595
Grants	6,267,816	-	426,003	107,989	6,801,808	-	-	-	6,801,808
Internet donation fees	-	-	-	42,168	42,168	-	5,728	5,728	47,896
Bank and merchant fees	-	-	-	2,102	2,102	-	15,527	15,527	17,629
Special events	10,544	-	-	-	10,544	147,199	-	147,199	157,743
Contract labor	497,459	-	-	77,490	574,949	-	39,580	39,580	614,529
Travel	521,930	14,788	-	19,552	556,270	-	38,161	38,161	594,431
Computer expenses	235,859	-	-	6,564	242,423	-	80,994	80,994	323,417
Training	443,392	108	-	-	443,500	-	24,149	24,149	467,649
Office supplies	33,726	91	-	25,426	59,243	-	23,334	23,334	82,577
Printing and publishing	10,590	-	-	-	10,590	29,386	-	29,386	39,976
Postage and shipping	400	40	-	-	440	-	3,954	3,954	4,394
Advertising	76,612	-	-	40,110	116,722	231	-	231	116,953
Insurance	57,887	-	-	19,158	77,045	-	69,844	69,844	146,889
Video	718,861	-	-	-	718,861	6,043	-	6,043	724,904
Telephone	6,189	-	-	4,425	10,614	-	9,272	9,272	19,886
Product development	-	-	-	28,484	28,484	-	-	-	28,484
Consulting/professional fees	-	-	-	9,896	9,896	-	145,067	145,067	154,963
Depreciation	806,457	-	-	55,057	861,514	-	115,517	115,517	977,031
Website	-	-	-	53,239	53,239	14,260	-	14,260	67,499
Bad debt expense	41,001	-	-	-	41,001	-	-	-	41,001
Donation of inventory	-	-	-	13,203	13,203	-	-	-	13,203
Miscellaneous	571	-	-	675	1,246	24,001	-	24,001	25,247
Rent	4,027	-	-	-	4,027	-	6,000	6,000	10,027
Building maintenance and security	-	-	-	8,777	8,777	-	36,286	36,286	45,063
Utilities	-	-	-	14,245	14,245	-	43,908	43,908	58,153
Property taxes	-	-	-	-	-	-	3,798	3,798	3,798
	<u>\$ 15,385,031</u>	<u>\$ 15,027</u>	<u>\$ 426,003</u>	<u>\$ 963,175</u>	<u>\$ 16,789,236</u>	<u>\$ 221,120</u>	<u>\$ 1,984,940</u>	<u>\$ 2,206,060</u>	<u>\$ 18,995,296</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, 2022**

Cash Flows from Operating Activities

Change in Net Assets	\$ (404,258)
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	977,031
Donation of stock	(1,321,926)
Loss on disposal of equipment	20,489
Bad debt expense	41,001
Loss on equity interest in affiliate	219,383
(Increase) decrease in current assets:	
Accounts receivable	6,875
Pledges receivable	3,727
Grants receivable	(442,833)
Inventory	(732,058)
Prepaid expenses	(94,580)
Beneficial interest in assets held by others	(403,945)
Increase (decrease) in current liabilities:	
Accounts payable	(124,951)
Accrued expenses	98,605
Contract liabilities	<u>22,194</u>
Net cash used by operating activities	<u>(2,135,246)</u>

Cash Flows from Investing Activities

Net purchases of property and equipment	(744,085)
Sale of investments, net	<u>902,625</u>
Net cash provided by investing activities	<u>158,540</u>

Cash Flows from Financing Activities

Payments on building notes	<u>(25,942)</u>
Net cash used in financing activities	<u>(25,942)</u>

Net Decrease in Cash (2,002,648)

Cash and Cash Equivalents, Beginning of Year 7,470,197

Cash and Cash Equivalents, End of Year \$ 5,467,549

Supplemental Cash Flow Information

Cash paid for interest \$ 17,600

Supplemental Non-Cash Transactions

Stock donations \$ 1,321,926

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022

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, 2022

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 a donor advised fund with the National Christian Foundation and with the Impact Foundation. The market value of the funds at the National Christian Foundation and a portion of the funds at the Impact Foundation are 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, 2022. Earnings on the beneficial interest in assets held by others, net of any service fees, are reinvested in the funds. The Organization's Board of Directors and staff members may recommend grant distributions to be approved by the Foundations. Distributions are subject to specified criteria and the Foundations reserve the right to make the final decision regarding distributions from the funds including variance power. There were no funds distributed to the Organization during the year ended December 31, 2022.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022

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.

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, 2022.

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 Liabilities</u>
Beginning of year	\$ 212,733	\$ 135,085
End of year	205,858	157,279

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, 2022, 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, 2022

NOTE 3: AVAILABILITY AND LIQUIDITY (CONTINUED)

Financial assets at year end:	
Cash and cash equivalents	\$ 5,467,549
Receivables	1,309,952
Investments	248,428
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>1,465,344</u>
Financial assets available to meet general expenditures over the next twelve months	
	\$ <u>5,560,585</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, 2022:

Building	\$ 1,562,146
Furniture and equipment	621,094
Software	<u>3,605,837</u>
	\$ 5,789,077
Less: accumulated depreciation	<u>(3,154,251)</u>
Total	\$ <u>2,634,826</u>

NOTE 6: PLEDGES RECEIVABLE

As of December 31, 2022, 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	\$ 929	-	\$ 929

NOTE 6: 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, 2022

NOTE 6: 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, 2022, were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ 320,394	\$ 9,246	\$ 24,538	\$ 286,610

Beneficial interest in assets held by others consists of an equity pool, cash, and investment in private company:

Cash (level 1) – carrying value reported at fair value based on short term liquidity.

Equity pool (level 2) – carrying value reported at fair value based on quoted market prices.

Private company stock (level 3) – carrying value based on reported value from Impact Foundation. Valuation is performed by Impact Foundation

Fair value measurements using significant unobservable inputs (Level 3):

	<u>Total</u>
Opening balance – December 31, 2021	\$ -
Purchases	296,016
Fees	<u>(9,406)</u>
Closing balance – December 31, 2022	<u>\$ 286,610</u>

NOTE 7: INVESTMENT IN UNCONSOLIDATED AFFILIATE

At December 31, 2022, 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 due to losses exceeding the investment.

Life S.A.'s unaudited assets and liabilities were \$249,953 and \$4,432,069, respectively, as of September 30, 2022. Life S.A.'s unaudited revenues and net loss for the year ended September 30, 2022 were \$465,102 and \$535,081, respectively.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022

NOTE 8: 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 following is a schedule by years of future minimum principal payments required under the building note as of December 31, 2022:

2023	27,179
2024	28,196
2025	29,251
2026	<u>372,973</u>
	<u>\$ 457,599</u>

Line of Credit

The Organization has a revolving line of credit agreement up to \$500,000. There is no outstanding balance as of the date of report issuance. The agreement was renewed in May 2023.

NOTE 9: 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, 2022:

Orphan care	\$ 314,322
Care Portal	771,226
Time restricted	375,000
Vision trips	<u>4,796</u>
	<u>\$ 1,465,344</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	\$ 366,104
Care Portal	4,251,289
Time restrictions	375,000
Operations	<u>1,128,275</u>
	<u>\$ 6,120,668</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 boards of directors from the Organization.

The Global Orphan Project, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2022

NOTE 10: RELATED PARTY TRANSACTIONS (Continued)

This support is recorded as grants in the financial statements and grants to GO Haiti, GO Africa, and GO India were \$2,029,652, \$1,394,141, and \$228,932 respectively, for the year ended December 31, 2022.

The board of directors donated approximately \$1.1 million during the year ended December 31, 2022, which is approximately 6% of contributions.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 3, 2023, which is the date the financial statements were available to be issued.

NOTE 12: RETIREMENT PLAN

The Organization offers a 401(k) plan that full-time employees are eligible to participate in. During the year ended December 31, 2022 employer contributions to the plan were \$191,285.



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, 2022, and have issued our report thereon dated July 3, 2023, 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 contributions received to fund supporting services expenses excluding special events for the year ended December 31, 2022 and the supplementary schedule of state awards – Oklahoma Department of Human Services schedule of revenue and expenditures for the year ended December 31, 2022 are presented for the purposes of additional analysis and are 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, 2023

The Global Orphan Project, Inc. and Subsidiary
Schedule of Contributions Received to Fund
Supporting Services Expenses Excluding Special Events
Year Ended December 31, 2022

Support from Michael and Elizabeth Fox	\$ 317,988
Support from Founders' Circle	775,287
Other Donors	1,051,378
	2,144,653

Supporting Services Expenses Excluding Special Event Costs

Employee wages	1,048,609
Payroll taxes	78,217
Employee benefits	196,995
Internet donation fees	5,728
Bank and merchant fees	15,527
Contract labor	39,580
Travel	38,161
Computer expenses	80,994
Training	24,149
Office supplies	23,334
Printing and publishing	29,386
Postage and shipping	3,954
Advertising	231
Insurance	69,844
Video	6,043
Telephone	9,272
Consulting/professional fees	145,067
Depreciation	115,517
Website	14,260
Miscellaneous	24,001
Rent	6,000
Building maintenance and security	36,286
Utilities	43,908
Property taxes	3,798
	2,058,861
	\$ 85,792

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, 2022

Revenue Information

<u>Funding Source</u>	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Oklahoma DHS Contract #20000470	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 16,667	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000

Expenditure Information

<u>Line Item</u>	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Program expenses:												
Personnel	\$ 15,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 14,667	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 11,000
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	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000



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, 2022, 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 July 3, 2023.

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
July 3, 2023