

The Global Orphan Project, Inc. and Subsidiaries

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

December 31, 2023

The Global Orphan Project, Inc and Subsidiaries
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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. and Subsidiaries
Kansas City, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Global Orphan Project, Inc. (a nonprofit organization) and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, 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 Subsidiaries as of December 31, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Subsidiaries 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 Subsidiaries' 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 consolidated 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 and *Government 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 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 and *Government 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 Subsidiaries' 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 Subsidiaries' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2024 on our consideration of The Global Orphan Project, Inc. and Subsidiaries' 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 The Global Orphan Project, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Emerich + Company, P.C.

Kansas City, Missouri
September 4, 2024

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 7,695,789
Vision Trip receivables, net	4,796
Accounts receivable, net	789,284
Pledges receivable	169,800
Grants receivable	216,995
Inventory	1,586,540
Prepaid expenses	187,527
Beneficial interest in assets held by others	318,264
Total Current Assets	10,968,995

Property and Equipment

Net of accumulated depreciation of \$3,990,727	2,206,409
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Total Assets

\$ 13,175,404

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 344,092
Accrued expenses	402,681
Contract liabilities	239,316
Current portion of note payable - building	28,196
Total Current Liabilities	1,014,285

Noncurrent Liabilities

Note payable - building	402,477
Total Noncurrent Liabilities	402,477

Total Liabilities

1,416,762

Net Assets

Without donor restrictions	8,884,391
With donor restrictions	2,874,251
Total Net Assets	11,758,642

Total Liabilities and Net Assets

\$ 13,175,404

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Orphan care and prevention	\$ 5,487,233	\$ 9,973,174	\$ 15,460,407
Trip program services	8,952	-	8,952
Operations	8,500	1,320,018	1,328,518
Government grants	435,693	-	435,693
Software fees	3,080,189	-	3,080,189
Sales, net of cost of goods sold	507,893	-	507,893
Special events	170,211	-	170,211
Loss on equity interest in affiliate	(261,318)	-	(261,318)
Donation of stock	246,006	299,223	545,229
In-kind donations	10,763	-	10,763
Net assets released from restrictions	10,183,508	(10,183,508)	-
Total Revenue and Support	<u>19,877,630</u>	<u>1,408,907</u>	<u>21,286,537</u>
Expenses			
Program Services			
Orphan care and prevention	4,061,670	-	4,061,670
CarePortal care sharing	12,394,668	-	12,394,668
Vision trips	11,297	-	11,297
Orphan transition	276,962	-	276,962
GO Exchange merchandise	1,231,050	-	1,231,050
	<u>17,975,647</u>	<u>-</u>	<u>17,975,647</u>
Support Services			
Fundraising	289,040	-	289,040
Management and general	1,987,365	-	1,987,365
	<u>2,276,405</u>	<u>-</u>	<u>2,276,405</u>
Total Expenses	<u>20,252,052</u>	<u>-</u>	<u>20,252,052</u>
Change in Net Assets from Operations	(374,422)	1,408,907	1,034,485
Other Changes in Net Assets			
Interest income	57,438	-	57,438
Interest expense	(16,615)	-	(16,615)
Other income	53,597	-	53,597
Gain on disposal of equipment	6,847	-	6,847
	<u>97,367</u>	<u>-</u>	<u>97,367</u>
Change in Net Assets	(273,155)	1,408,907	1,135,752
Net Assets, Beginning of Year	<u>9,157,546</u>	<u>1,465,344</u>	<u>10,622,890</u>
Net Assets, End of Year	<u>\$ 8,884,391</u>	<u>\$ 2,874,251</u>	<u>\$ 11,758,642</u>

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Support Services				Total Expenses
	Orphan Care and Prevention	CarePortal Care Sharing	Vision Trips	Orphan Transition	GO Exchange Merchandise	Total	Fund-raising	Management and General	Total	
Employee wages	\$ 277,688	\$ 5,738,742	\$ -	\$ -	\$ 410,061	\$ 6,426,491	\$ -	\$ 960,099	\$ 960,099	\$ 7,386,590
Payroll taxes	20,842	459,605	-	-	23,170	503,617	-	74,305	74,305	577,922
Employee benefits	40,013	741,773	-	-	66,656	848,442	-	169,569	169,569	1,018,011
Grants	3,486,784	3,409,657	-	276,962	243,020	7,416,423	-	-	-	7,416,423
Internet donation fees	-	-	-	-	40,780	40,780	-	26,031	26,031	66,811
Bank and merchant fees	-	-	-	-	3,006	3,006	-	13,162	13,162	16,168
Special events	-	-	-	-	-	-	180,518	-	180,518	180,518
Contract labor	90,010	436,756	-	-	40,192	566,958	-	130,291	130,291	697,249
Travel	53,747	325,531	11,297	-	21,458	412,033	-	89,560	89,560	501,593
Computer expenses	6,051	211,199	-	-	77,329	294,579	-	77,180	77,180	371,759
Training	1,634	196,890	-	-	711	199,235	-	13,653	13,653	212,888
Office supplies	4,692	41,432	-	-	13,971	60,095	-	21,894	21,894	81,989
Printing and publishing	306	19,858	-	-	-	20,164	13,343	-	13,343	33,507
Postage and shipping	52	1,089	-	-	-	1,141	-	2,245	2,245	3,386
Advertising	-	67,231	-	-	45,302	112,533	744	-	744	113,277
Insurance	-	68,746	-	-	16,002	84,748	-	69,149	69,149	153,897
Video	77,349	-	-	-	-	77,349	43,018	-	43,018	120,367
Telephone	2,502	-	-	-	2,088	4,590	-	8,398	8,398	12,988
Product development	-	-	-	-	14,647	14,647	-	-	-	14,647
Consulting/professional fees	-	-	-	-	15,520	15,520	-	186,746	186,746	202,266
Depreciation	-	676,159	-	-	61,916	738,075	-	98,401	98,401	836,476
Website	-	-	-	-	-	-	20,749	-	20,749	20,749
Bad debt expense	-	-	-	-	470	470	-	-	-	470
Donation of inventory	-	-	-	-	1,397	1,397	-	-	-	1,397
Miscellaneous	-	-	-	-	107,328	107,328	30,668	(1,291)	29,377	136,705
Rent	-	-	-	-	-	-	-	6,000	6,000	6,000
Building maintenance and security	-	-	-	-	70	70	-	6,381	6,381	6,451
Utilities	-	-	-	-	25,956	25,956	-	31,360	31,360	57,316
Property taxes	-	-	-	-	-	-	-	4,232	4,232	4,232
	<u>\$ 4,061,670</u>	<u>\$ 12,394,668</u>	<u>\$ 11,297</u>	<u>\$ 276,962</u>	<u>\$ 1,231,050</u>	<u>\$ 17,975,647</u>	<u>\$ 289,040</u>	<u>\$ 1,987,365</u>	<u>\$ 2,276,405</u>	<u>\$ 20,252,052</u>

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities

Change in Net Assets	\$ 1,135,752
Adjustments to reconcile change in net assets to net cash provided by operating activities (items not requiring cash):	
Depreciation	836,476
Donation of stock	(545,229)
In-kind revenue	(10,763)
Gain on disposal of equipment	(6,847)
Bad debt expense	470
Loss on equity interest in affiliate	261,318
 (Increase) decrease in current assets:	
Accounts receivable	(583,426)
Pledges receivable	(168,874)
Grants receivable	881,374
Inventory	(20,756)
Prepaid expenses	(81,058)
Beneficial interest in assets held by others	2,130
 Increase in current liabilities:	
Accounts payable	143,439
Accrued expenses	187,776
Contract liabilities	<u>82,037</u>
 Net cash provided by operating activities	<u>2,113,819</u>

Cash Flows from Investing Activities

Purchases of property and equipment	(409,480)
Disposals of property and equipment	1,421
Purchases of investments	(267,041)
Sale of investments	<u>816,447</u>
 Net cash provided by investing activities	<u>141,347</u>

Cash Flows from Financing Activities

Payments on note payable - building	<u>(26,926)</u>
 Net cash used in financing activities	<u>(26,926)</u>

Net Increase in Cash 2,228,240

Cash and Cash Equivalents, Beginning of Year 5,467,549

Cash and Cash Equivalents, End of Year \$ 7,695,789

Supplemental Cash Flow Information

Cash paid for interest \$ 16,615

Supplemental Non-Cash Transactions

Stock donations \$ 545,229

In-kind donations \$ 10,763

See Notes to Consolidated Financial Statements

The Global Orphan Project, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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. Additionally, in September 2023, the Organization formed a new wholly owned subsidiary, CarePortal, 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 Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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 and inventory.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Global Orphan Project, Inc. and Subsidiaries 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 are included in the accompanying statement of financial position as of December 31, 2023. 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, 2023.

The Global Orphan Project, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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, 2023.

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).

	Receivables	Contract Liabilities
Beginning of year	\$ 205,858	\$ 157,279
End of year	789,284	239,316

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, 2023, reduced by amounts that are not available to meet general expenditures because of contractual restrictions.

Financial assets at year end:	
Cash and cash equivalents	\$ 7,695,789
Receivables	1,180,875
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>2,874,251</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>6,002,413</u>

The Global Orphan Project, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

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, 2023:

Building	\$ 1,562,146
Furniture and equipment	729,845
Software	<u>3,905,145</u>
	\$ 6,197,136
Less: accumulated depreciation	<u>(3,990,727)</u>
Total	\$ <u>2,206,409</u>

NOTE 6: PLEDGES RECEIVABLE

As of December 31, 2023, contributors to the Organization have made written unconditional promises to give, consisting of pledges as follows:

	<u>Donor Restricted</u>
Amounts due in	
less than one year	\$ 69,800
2025	50,000
2026	<u>50,000</u>
Total	<u>\$ 169,800</u>

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.

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.

The Global Orphan Project, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

NOTE 7: FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2023, 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	\$ 318,264	\$ -	\$ 25,394	\$ 292,870

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, 2022	\$ 286,610
Purchases	8,721
Fees	<u>(2,461)</u>
Closing balance – December 31, 2023	<u>\$ 292,870</u>

NOTE 8: INVESTMENT IN UNCONSOLIDATED AFFILIATE

At December 31, 2023, 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 (\$5,963) and \$4,813,513, respectively, as of September 30, 2023. Life S.A.'s unaudited revenues and net loss for the year ended September 30, 2023 were \$246,303 and \$637,360, 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 following is a schedule by years of future minimum principal payments required under the building note as of December 31, 2023:

2024	\$ 28,196
2025	29,251
2026	<u>373,226</u>
	<u>\$ 430,673</u>

The Global Orphan Project, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023

NOTE 9: NOTE PAYABLE (CONTINUED)

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 due for renewal in May 2024 and was granted an extension for final maturity date of August 2024.

NOTE 10: 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, 2023:

Orphan care		\$ 256,355
Care Portal		2,393,100
Operations		220,000
Vision trips		<u>4,796</u>
		<u>\$ 2,874,251</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		\$ 547,481
Care Portal		7,641,786
Time restrictions		375,000
Operations		<u>1,619,241</u>
		<u>\$ 10,183,508</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 boards 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 \$1,802,792, \$1,617,680, \$180,210, and \$306,278 respectively, for the year ended December 31, 2023.

The Board of Directors donated approximately \$1 million during the year ended December 31, 2023, which is approximately 5% of contributions.

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, 2023 employer contributions to the plan were \$191,285.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 4, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

The Global Orphan Project, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Grantor/Pass-through Grantor Program or Cluster Title</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
MaryLee Allen Promoting Safe and Stable Families Program Pass-through from the State of Oklahoma Department of Human Services	20000470	93.556	\$ 29,000	\$ 180,000
Temporary Assistance for Needy Families (TANF) Pass-through from State of Georgia Department of Human Services / Division of Children and Family Services	42700-040-00000094950	93.558	70,833	150,000
Adoption and Legal Guardianship Incentive Payments Pass-through from State of Kansas Department for Children and Families	PPS-2023-CP-01	93.603	23,625	155,702
Child Abuse and Neglect Prevention State Grants (CAPTA) Pass-through from State of New York Office of Children and Family Services Pass-through from State of Ohio Department of Job and Family Services	Contract # C029708 G-2223-06-0320	93.669	65,000	187,000 155,026
				<u>342,026</u>
Total U.S. Department of Health and Human Services				<u>827,728</u>
Total Federal Expenditures				<u>\$ 827,728</u>

The accompanying notes are an integral part of this schedule.

The Global Orphan Project, Inc. and Subsidiaries
Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of The Global Orphan Project, Inc. and Subsidiaries (the Organization) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of The Global Orphan Project, Inc. and Subsidiaries.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE C: INDIRECT COST RATES

The Organization has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.



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. and Subsidiaries
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 The Global Orphan Project, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, 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 4, 2024.

Report on 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 the internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on 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*.

The Global Orphan Project, Inc. and Subsidiaries' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on The Global Orphan Project, Inc. and Subsidiaries' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Global Orphan Project, Inc. and Subsidiaries' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 4, 2024



EMERICK & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS, AUDITING & TAX PROFESSIONALS

David Emerick • James Flanagan • Rick Hann • Kristy Helt

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Global Orphan Project, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Global Orphan Project, Inc. and Subsidiaries' major federal programs for the year ended December 31, 2023. The Global Orphan Project, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Global Orphan Project, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Global Orphan Project, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Global Orphan Project, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Global Orphan Project, Inc. and Subsidiaries federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Global Orphan Project, Inc. and Subsidiaries' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if

there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Global Orphan Project, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Global Orphan Project, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Global Orphan Project, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Global Orphan Project, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Emerich + Company, P.C.

Kansas City, Missouri
September 4, 2024

**The Global Orphan Project, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	unmodified
Internal control over financial reporting:	
Any material weakness(es) identified?	No
Any deficiency(ies) in internal control not considered to be material weaknesses identified?	Yes
Any noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	unmodified
Internal control over compliance:	
Any material weakness(es) identified?	No
Any deficiency(ies) in internal control not considered to be material weaknesses identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:	
<u>Assistance Listing Number:</u>	<u>Name of Federal Program or Cluster</u>
93.556	U.S. Department of Health and Human Services MaryLee Allen Promoting Safe and Stable Families Program
93.603	U.S. Department of Health and Human Services Adoption and Legal Guardianship Incentive Payments
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2023-001

Condition: The accounting staff tracks restricted net asset activity in the accounting system based on activity within the restricted money market account. However, a process that ensures all restricted activity is captured and reported utilizing a roll forward schedule from the beginning to the end of the accounting period has not been established, causing multiple adjustments and revisions to the net asset schedule.

Criteria: Internal controls should be in place that provide reasonable assurance that the financial statements are free of material misstatements.

The Global Orphan Project, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Cause: Due to growth of the Organization over the last several years, restricted net assets have increased and a better tracking system is needed to capture increased activity.

Effect: Restricted net assets may be over or understated at year end.

Recommendation: Management should enhance the process for tracking restricted net assets, ensuring that all restricted activity is captured and reported utilizing a roll forward schedule from the beginning to the end of the accounting period.

Views of Responsible Officials and Planned Corrective Actions: The Global Orphan Project, Inc. and Subsidiaries agrees with the finding and the auditor's recommendations have been adopted.

Section III – Federal Award Findings

None



Finding Number: 2023-001

Explanation: Management concur with the auditor's finding and will implement the recommended corrective actions.

Contact Person in Charge of Corrective Action Plan: CFO and Accounting Analyst

Corrective Action Planned: To address the finding the organization will undertake the following actions:

- 1) The organization will provide internal training on restricted net assets.
- 2) The organization will implement a process whereby monthly donations and grants are reviewed to ensure they are properly classified as restricted.
- 3) The organization will implement a process whereby restricted net assets are reconciled each month for all monthly activity during the accounting period as part of the month end process. The restricted net asset schedule will be reviewed and approved by an individual other than the preparer.

Anticipated Completion Date: The detailed monthly reconciliation with supervisor review will be in process by September 30, 2024.



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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

We have audited the consolidated financial statements of The Global Orphan Project, Inc. and Subsidiaries as of and for the year ended December 31, 2023, and have issued our report thereon dated September 4, 2024, 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, 2023 and the supplementary schedule of state awards – Oklahoma Department of Human Services schedule of revenue and expenditures for the year ended December 31, 2023 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
September 4, 2024

The Global Orphan Project, Inc. and Subsidiaries
Schedule of Contributions Received to Fund
Supporting Services Expenses Excluding Special Events
Year Ended December 31, 2023

Contributions \$ 1,627,741

Supporting Services Expenses Excluding Special Event Costs

Employee wages	960,099
Payroll taxes	74,305
Employee benefits	169,569
Internet donation fees	26,031
Bank and merchant fees	13,162
Contract labor	130,291
Travel	89,560
Computer expenses	77,180
Training	13,653
Office supplies	21,894
Printing and publishing	13,343
Postage and shipping	2,245
Advertising	744
Insurance	69,149
Video	43,018
Telephone	8,398
Consulting/professional fees	186,746
Depreciation	98,401
Website	20,749
Miscellaneous	29,377
Rent	6,000
Building maintenance and security	6,381
Utilities	31,360
Property taxes	4,232
	2,095,887
	\$ (468,146)

See Accompanying Independent Auditor's Report on Additional Information

The Global Orphan Project, Inc. and Subsidiaries
Notes to Schedule of Contributors Committed to Funding Supporting Services Expenses
Excluding Special Events
December 31, 2023

NOTE 1: EXPLANATION OF DEFICIT OF FOX AND CONTRIBUTIONS RECEIVED TO FUND SUPPORTING SERVICES EXPENSES EXCLUDING SPECIAL EVENTS

Through December 31, 2023, since inception, contributions from the Fox's and the Founders' Circle have exceeded management and general expenses by approximately \$852,000. Therefore, no ministry donations outside of the Fox's and contributions received to support supporting services expenses have been used to support operations of the ministry in 2023.

The Global Orphan Project, Inc. and Subsidiaries
Supplementary Schedule of State Awards - Oklahoma Department of Human Services
Schedule of Revenue and Expenditures
For the Year Ended December 31, 2023

Revenue Information

<u>Funding Source</u>	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Oklahoma DHS Contract #20000470	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000

Expenditure Information

<u>Line Item</u>	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Program expenses:												
Personnel	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,583	\$ 12,587
Grants	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	7,000
	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 14,583	\$ 19,587

See Accompanying Independent Auditor's Report on Additional Information