UNITED STATES DIVISION OF IRIS GLOBAL
AND RELATED ENTITIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
United States Division of Iris Global
and Related Entities
Redding, California

We have audited the accompanying consolidated financial statements of the United States Division of Iris Global (a California nonprofit organization) and related entities, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Division of Iris Global and related entities as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 8 to the consolidated financial statements, these consolidated financial statements include only the United States Division of Iris Global and related entities. Our opinion is not modified with respect to this matter.

D.H. Scott & Company LLP

Redding, California
December 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	$ 2,393,860
Investments	671,276
Inventory	106,584
Prepaid expenses	17,339
Total current assets	3,189,059
Property and equipment	1,742,520
Less accumulated depreciation	(370,603)
Property and equipment, net	1,371,917
Total assets	$ 4,560,976

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	$ 39,656
Accrued payroll and accrued liabilities	103,607
Unearned revenue	79,211
Total current liabilities	222,474
Long-term liabilities	
Note payable	403,570
Total liabilities	626,044
Net assets	
Without donor restrictions	2,613,535
With donor restrictions	1,321,397
Total net assets	3,934,932
Total liabilities and net assets	$ 4,560,976

The accompanying notes are an integral part of these financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 5,286,687	$ 4,379,862	$ 9,666,549
School income	535,500	-	535,500
Online courses and content	92,290	-	92,290
Conference registration	9,820	-	9,820
Reimbursed travel revenue	18,322	-	18,322
Sale of Christian materials	22,936	-	22,936
Donated goods and services	30,996	-	30,996
Investment income	5,119	-	5,119
Other income	44,677	-	44,677
Unrealized gain on investments	362,520	-	362,520
Total revenue and other support	6,408,867	4,379,862	10,788,729
Net assets released from restrictions			
Satisfaction of purpose requirements	4,359,097	(4,359,097)	-
Total revenue and support allocated	10,767,964	20,765	10,788,729
Ministry expenses			
Missions	7,242,558	-	7,242,558
Children's services	1,064,710	-	1,064,710
Education	605,118	-	605,118
Community development	195,813	-	195,813
Impoverished women's care	124,792	-	124,792
Total ministry expenses	9,232,991	-	9,232,991
Support activities expenses			
Administration	1,301,086	-	1,301,086
Fundraising	141,637	-	141,637
Total support activities expenses	1,442,723	-	1,442,723
Total expenses	10,675,714	-	10,675,714
Change in net assets	92,250	20,765	113,015
Net assets at beginning of year	2,148,430	1,673,487	3,821,917
Prior period adjustment	372,855	(372,855)	-
Net assets at beginning of year, restated	2,521,285	1,300,632	3,821,917
Net assets at end of year	$ 2,613,535	$ 1,321,397	$ 3,934,932

The accompanying notes are an integral part of these financial statements.

		Ministry				Support Activities		
	Missions	Children's Services	Education	Community Development	Impoverished Women's Care	Administration	Fundraising	Total
Expenses								
Advertising	$ 5,338	$ 290	$ 1,310	$ -	$ -	$ -	$ -	$ 6,938
Aviation and nautical operations	50,197	-	-	-	-	-	-	50,197
Bank charges	128	22,335	752	-	-	153,113	-	176,328
Cost of goods sold	18,009	-	-	-	-	-	-	18,009
Depreciation	78,927	-	-	-	-	19,899	-	98,826
Equipment	5,329	-	4,150	-	-	828	97	10,404
Fees and licenses	6,557	4,573	2,446	-	-	60,160	808	74,544
Grants and other disbursements	5,689,592	959,693	89,642	195,740	124,792	642	132	7,060,233
Honorariums	19,600	-	28,539	-	-	-	-	48,139
Insurance	28,835	-	-	-	-	44,731	-	73,566
Meals and entertainment	6,148	-	4,917	-	-	2,004	111	13,180
Media and web design	972	12,751	16,012	-	-	-	34,841	64,576
Office expense	1,359	236	448	-	-	9,172	1,967	13,182
Outreach expenses	-	-	101,631	-	-	-	-	101,631
Postage and shipping	2,491	1,370	1,877	-	-	2,249	7,782	15,769
Printing and copying	504	1,616	1,843	-	-	805	8,829	13,597
Professional services	-	-	3,878	-	-	193,240	-	197,118
Rent	14,229	-	-	-	-	-	-	14,229
Repairs and maintenance	11,951	-	1,598	-	-	233	-	13,782
Salaries and related costs	1,001,079	61,246	114,978	-	-	771,739	84,584	2,033,626
School food and kitchen	-	-	21,953	-	-	-	-	21,953
School housing	-	-	176,899	-	-	-	-	176,899
School transportation	-	-	2,616	-	-	-	-	2,616
Solar and audio bibles	86,553	-	-	-	-	-	-	86,553
Supplies	2,736	-	5,245	-	-	96	-	8,077
Training and education	12,025	-	-	-	-	2,423	-	14,448
Travel	172,347	-	19,736	-	-	6,690	1,536	200,309
Utilities	27,532	600	4,739	73	-	8,358	950	42,252
Other	120	-	(91)	-	-	24,704	-	24,733
Total expenses	$ 7,242,558	$ 1,064,710	$ 605,118	$ 195,813	$ 124,792	$ 1,301,086	$ 141,637	$ 10,675,714

The accompanying notes are an integral part of these financial statements.

Cash flows from operating activities	
Cash received from contributions, tuition, and materials	$ 10,152,396
Cash paid to employees, vendors, grant recipients and foreign division	(10,668,052)
Net cash provided by (used in) operating activities	(520,775)
Cash flows from investing activities	
Proceeds from sale of investments	189,133
Purchases of equipment	(18,116)
Dividends reinvested	(5,119)
Net cash provided by (used in) investing activities	171,017
Cash flows from financing activities	
Borrowings from long-term debt	403,570
Net cash provided by (used in) financing activities	403,570
Net increase (decrease) in cash and cash equivalents	53,812
Cash and cash equivalents, beginning of year	2,340,048
Cash and cash equivalents, end of year	$ 2,393,860

Reconciliation of change in net assets to net cash provided by (used in) operating activities

Change in net assets	$ 113,015
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	98,826
Unrealized gain on investments	(362,520)
Contribution of securities	(72,029)
Dividends reinvested	(5,119)
Decrease (increase) in assets	
Inventory	8,424
Prepaid expenses	6,047
Increase (decrease) in liabilities	
Accounts payable	(86,773)
Accrued payroll and accrued liabilities	(18,862)
Unearned revenue	(201,784)
Total adjustments	(633,790)
Net cash provided by (used in) operating activities	$ (520,775)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The accompanying consolidated financial statements include only the United States Division of Iris Global and related entities (the Organization). Iris Global is a holistic Christian organization which funds ongoing and expanding programs in underdeveloped nations. Since inception, Iris Global has been expressing the love of God through providing education and basic needs for orphans, children at risk, widows, vulnerable women, and the disabled. Iris Global's programs include education, healthcare, community development, well drilling, low-cost housing, cottage industries, micro and macro agricultural projects, arts and media, and faith-based leadership training. Iris Global Churches was established to develop a network of ministers and churches committed to seeing the advancement of the Gospel. Iris Relief exists to mobilize disaster teams to provide practical and spiritual relief to those suffering the effects of disaster and then to restore and equip communities to fully recover. Iris Air, LLC and Iris Nautical, LLC are holding companies of an airplane and a boat, respectively. Iris Global, Iris Global Churches, and Iris Relief are organized as non-profit organizations under the laws of the state of California and are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Iris Air and Iris Nautical are single-member LLCs incorporated under the laws of the state of Delaware. For tax purposes, Iris Air and Iris Nautical are disregarded entities under Iris Global.

See Note 8 for details on the foreign division.

Principles of Consolidation
The consolidated statements include the accounts of the United States Division of Iris Global and its related entities, Iris Relief, Iris Global Churches, Iris Air, and Iris Nautical. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting
The financial statements are prepared in accordance with generally accepted accounting principles, using the accrual basis of accounting which recognizes revenue when earned and obligations for goods and services when received or rendered.

Basis of Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restrictions	Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
Net Assets With Donor Restrictions	Net assets whose use is limited by donor-imposed time/and or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents
The Organization considers all liquid investments, with maturity of 90 days or less when purchased, to be cash equivalents.

Concentrations
The Organization's financial instruments that are potentially exposed to concentration of credit risk consist of cash and cash equivalents. The Organization places its cash and temporary cash investments with high quality credit institutions. At times, such investments may be in excess of the FDIC insurance limit; however, the Organization believes that the credit risk is nominal. As of September 30, 2020, the Organization had cash and cash equivalents in excess of the FDIC insured limit of $2,093,175.

Inventories
Inventories consist of books, CDs, DVDs, jewelry, artwork, and stationery. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment
Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 25 years. Significant improvements and renewals are capitalized, while maintenance and repairs are expensed as incurred. When property and equipment are retired or disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the current period. Equipment having a cost of $1,500 or less is expensed in the year of acquisition. Depreciation expense for the year ended September 30, 2020 was $98,826.

Revenue Recognition
The Organization recognizes revenue in accordance with FASB ASC Subtopic 958-605, *Accounting for Contributions Received and Contributions Made*. As such, contributions are recognized as revenue when they are unconditionally pledged or when they are received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-term assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-term assets are reported as restricted support. Absent explicit donor stipulations about how these long-term assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-term assets are placed in service.

Revenues from sales of inventory are recognized at the time the product is sold.

Net assets without donor restrictions are reflective of revenues and expenses associated with the principal operating activities of the Organization and not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue
Tuition revenue is recognized in the year in which the related educational instruction is performed. Accordingly, tuition fees received for a future year are deferred until the instruction commences. Registration fees are non-refundable and recognized when they are paid.

In-Kind Contributions of Services and Materials
Contributed services are recognized as contributions in accordance with FASB ASC Subtopic 958-605-25-16, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. It is the policy of the Organization to record the estimated fair value of contributed services as contribution revenue and operating expense. Contributed services and materials, if any, are reflected in the financial statements as donated goods and services. At September 30, 2020, the Organization has recorded $30,996 of donated goods and services included in the accompanying statement of activities.

Income Taxes
The United States Division of Iris Global, Iris Global Churches, and Iris Global Relief are non-profit corporations exempt under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the Revenue and Taxation Code of California. Iris Air and Iris Nautical are single-member LLCs incorporated under the laws of the state of Delaware and are considered disregarded entities under Iris Global.

Functional Expense Allocation
The costs of providing program services and supporting services are summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting service based on estimates of employees' time incurred and on usage of resources.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of September 30, 2020:

	Total
Aircraft and aviation equipment	$ 1,341,564
Boat and nautical equipment	232,516
Computers and software	115,913
Furniture and equipment	38,235
Improvements	14,292
Total property and equipment	1,742,520
Less accumulated depreciation	(370,603)
Property and equipment, net	$ 1,371,917

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2020:

	Total
Well drilling projects	$ 638,598
Base program designations	369,922
Crisis response	106,996
Missionary support	91,693
Child sponsorship	60,981
Iris University	24,178
Other	29,029
Total net assets with donor restrictions	$ 1,321,397

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2- Inputs to the valuation methodology include:
Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020:

Common Stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the Organization's assets as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Common Stock	$ 671,276	$ -	$ -	$ 671,276

As of September 30, 2020 the Organization’s investment portfolio was comprised of investments in one company thus exposing the Organization to certain market risks.

NOTE 5 – PAYROLL PROTECTION PROGRAM

Pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020, Iris Global (the “Borrower”), was granted a loan (the “Loan”) from Bank of America in the aggregate amount of $403,570, on May 4, 2020. The Loan, which is in the form of a Promissory Note, matures on May 4, 2022 and bears interest at a rate of 1.0%, payable monthly commencing on August 18, 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs and costs used to continue group health care benefits to retain employees, mortgage payments, rent, utilities, and interest on other debt obligations.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for certain “Qualifying Expenses”, as described in the CARES Act. Iris Global’s loan forgiveness application will be subject to review and audit by the Small Business Administration (“SBA”). While Iris Global believes that its use of the loan proceeds meet the PPP conditions for loan forgiveness, management cannot be assured that the Loan will be eligible for forgiveness, in whole or in part, until the SBA has completed their review and audit of the application. Estimated valid expenditures incurred through September 30, 2020 which are eligible to be forgiven are $403,570.

NOTE 6 – SALES TAX COLLECTED

The Organization collects sales tax at the point of sale on items sold. The sales tax is included in accrued liabilities and has not been included in gross revenues.

NOTE 7 – INCOME TAXES

Generally accepted accounting principles prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management of the Organization has evaluated its uncertain tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Organization's tax returns are subject to examination by Federal tax authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

NOTE 8 – FOREIGN DIVISION

Ministerial bases located in Mozambique and Madagascar are legally operated as a division of Iris Global and are not considered a related entity. Operationally, the Organization treated payments to the Mozambican and Madagascan operations as unrelated entities and recorded all payments as grant expense. For the year ended September 30, 2020 total grant expenses paid to Mozambican and Madagascan bases were $4,833,130 and $244,201, respectively. Those grant expense are included in grants and other disbursements on the accompanying Statement of Functional Expenses. The financial position as of September 30, 2020 of the foreign divisions, and the results of those operations and cash flows for the year then ended have not been included in these financial statements.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consist of the following at September 30, 2020.

Cash and cash equivalents	$ 2,393,860
Investments	671,276
Inventory	106,584
Financial assets, year-end	3,171,720
Less those unavailable for general expenditures within one year due to:	
Time or purpose restrictions by donor	(1,321,397)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,850,323

The Organization has $3,171,720 of financial assets at September 30, 2020. The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

Operating costs of the Organization total about $550,000 per month. Management's practice is to keep as much undesignated cash on hand as possible to cover operating costs with a goal of setting aside 60 days of operating costs.

The Organization has $1,850,323 of financial assets available within one year as of the balance sheet date to meet cash needs for general expenditure consisting of cash of $1,072,463, investments of $671,276 and inventory of $106,584. Occasionally, management sets aside a portion of any operating surplus to its liquidity reserve, which was $312,831 as of September 30, 2020. This liquidity reserve may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 10 – RETIREMENT PLAN

In January 2018, the Organization established a retirement plan under Internal Revenue Code Section 403(b), which is an employer sponsored retirement plan that allows employees to contribute pre-tax dollars to the plan. All employees are eligible to participate in the plan by making contributions that are tax deferred. A summary plan describing the various rules of the plan is available. At this time, the Organization does not make any discretionary or matching contributions to the Plan.

NOTE 11 – CONTINGENCIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the economy; such potential impact is unknown at this time.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2020 management performed an analysis over their net assets with donor restrictions and determined a prior period adjustment of $372,855 was necessary to correct prior period balances. The adjustment to net assets resulted in a decrease to net assets with donor restrictions and a corresponding increase to net assets without donor restriction at the beginning of the year which is depicted in the accompanying statement of activities.

NOTE 13 – SUBSEQUENT EVENTS

Iris Global has evaluated subsequent events through December 30, 2020, which is the date the financial statements were available to be issued.