UNITED STATES DIVISION OF IRIS GLOBAL

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

Opinion

We have audited the accompanying consolidated financial statements of the United States Division of Iris Global (a California nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2023, 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.

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 as of September 30, 2023, 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.

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 Organization 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 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 consolidated 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 Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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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 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 consolidated 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 consolidated 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 consolidated 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 Iris Global'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Iris Global'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.

DH Scott & Company LLP

Redding, California
January 19, 2024

ASSETS

Current assets	
Cash and cash equivalents	$ 2,741,725
Investments	949,815
Inventory	36,150
Prepaid expenses	35,566
Total current assets	3,763,256
Property and equipment	
Aircraft and aviation equipment	1,341,565
Boat and nautical equipment	232,516
Computers and software	194,149
Furniture and equipment	40,126
Vehicles	32,115
Total property and equipment	1,840,471
Less accumulated depreciation	(670,691)
Property and equipment, net	1,169,780
Total assets	$ 4,933,036

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	$ 80,064
Accrued payroll and accrued liabilities	155,557
Unearned revenue	242,190
Total liabilities	477,811
Net assets	
Without donor restrictions	2,728,173
With donor restrictions	1,727,052
Total net assets	4,455,225
Total liabilities and net assets	$ 4,933,036

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 7,292,869	$ 4,675,668	$ 11,968,537
School income	571,911	-	571,911
Online courses and content	24,851	-	24,851
Sale of Christian materials	33,486	-	33,486
Donated goods and services	16,711	-	16,711
Investment income	7,109	-	7,109
Other income	77,243	-	77,243
Unrealized gain on investments	228,549	-	228,549
Total revenue and other support	8,252,729	4,675,668	12,928,397
Net assets released from restrictions			
Satisfaction of purpose requirements	4,741,626	(4,741,626)	-
Total revenue and support allocated	12,994,355	(65,958)	12,928,397
Ministry expenses			
Missions	8,792,161	-	8,792,161
Children's services	1,011,092	-	1,011,092
Education	2,055,902	-	2,055,902
Crisis response	685,073	-	685,073
Total ministry expenses	12,544,228	-	12,544,228
Support activities expenses			
Administration	1,362,795	-	1,362,795
Fundraising	288,592	-	288,592
Total support activities expenses	1,651,387	-	1,651,387
Total expenses	14,195,615	-	14,195,615
Change in net assets	(1,201,260)	(65,958)	(1,267,218)
Net assets at beginning of year	3,929,433	1,793,010	5,722,443
Net assets at end of year	$ 2,728,173	$ 1,727,052	$ 4,455,225

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

	Ministry				Support Activities		
	Missions	Children's Services	Education	Crisis Response	Administration	Fundraising	Total
Expenses							
Advertising	$ -	$ -	$ 2,208	$ -	$ -	$ -	$ 2,208
Aviation and nautical operations	52,526	-	-	-	-	-	52,526
Bank charges	1,957	23,707	1,630	-	158,602	75	185,971
Conference administration and setup	28,663	-	-	-	-	42	28,705
Cost of goods sold	61,715	-	-	-	-	-	61,715
Depreciation	94,247	304	220	-	11,601	1,434	107,806
Equipment	8,023	-	1,711	-	2,713	158	12,605
Fees and licenses	17,658	6,920	5,278	-	37,152	1,568	68,576
Grants and other disbursements	7,051,690	897,828	1,342,329	684,573	766	3,538	9,980,724
Honorariums	43,245	-	52,672	-	-	-	95,917
Insurance	58,012	-	-	500	32,741	-	91,253
Meals and entertainment	19,823	111	12,536	-	8,847	733	42,050
Media and web design	895	7,192	17,389	-	100	30,000	55,576
Office expense	1,591	-	5	-	7,459	279	9,334
Other	-	-	-	-	16,726	-	16,726
Outreach expenses	147	-	2,251	-	-	-	2,398
Postage and shipping	4,509	1,128	-	-	2,738	10,478	18,853
Printing and copying	124	2,363	72	-	1,670	15,227	19,456
Professional services	11,971	-	5,035	-	60,164	-	77,170
Rent	-	-	-	-	48,000	-	48,000
Repairs and maintenance	31,732	-	5,173	-	4,583	-	41,488
Salaries and related costs	772,586	64,956	130,392	-	933,718	203,891	2,105,543
School food and kitchen	-	-	44,842	-	-	-	44,842
School housing	22,916	-	312,668	-	-	-	335,584
School transportation	-	-	16,670	-	-	-	16,670
Solar and audio bibles	179,203	-	-	-	-	-	179,203
Supplies	2,371	393	4,079	-	5,322	103	12,268
Training and education	14,468	31	1,126	-	3,306	-	18,931
Travel	287,411	5,559	90,424	-	8,382	18,017	409,793
Utilities	24,678	600	7,192	-	18,205	3,049	53,724
Total expenses	$ 8,792,161	$ 1,011,092	$ 2,055,902	$ 685,073	$ 1,362,795	$ 288,592	$ 14,195,615

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

Cash flows from operating activities	
Cash received from contributions, tuition, and material sales	$ 12,965,000
Cash paid to employees, vendors, grant recipients and foreign division	(14,023,252)
Dividend income received	5,735
Net cash provided by (used in) operating activities	(1,052,517)
Cash flows from investing activities	
Proceeds from sale of investments	254,243
Purchases of equipment	(45,693)
Proceeds from disposition of assets	755
Net cash provided by (used in) investing activities	209,305
Net increase (decrease) in cash and cash equivalents	(843,212)
Cash and cash equivalents, beginning of year	3,584,937
Cash and cash equivalents, end of year	$ 2,741,725
Schedule of non-cash investing and financing activities	
Donated securities	$ 112,638

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

Change in net assets	$ (1,267,218)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	107,806
Unrealized gain on investments	(228,549)
Contribution of securities	(112,638)
Decrease (increase) in assets	
Employee retention credit receivable	389,650
Inventory	51,029
Prepaid expenses	4,771
Increase (decrease) in liabilities	
Accounts payable	64,307
Accrued payroll and accrued liabilities	(55,550)
Unearned revenue	(6,125)
Total adjustments	214,701
Net cash provided by (used in) operating activities	$ (1,052,517)

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 Air, LLC and Iris Nautical, LLC are holding companies of an airplane and a boat, respectively. Iris Global, and Iris Global Churches 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 9 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 Global Churches, Iris Air, and Iris Nautical. All intercompany balances and transactions have been eliminated in consolidation.

Adoption of New Accounting Standard

Effective October 1, 2022, the Company used the modified retrospective approach to adopt FASB ASC 842, Leases, which among other things, requires the recognition of right-of-use (ROU) lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term greater than 12 months. The Company does not currently have any material lease agreements in place with terms longer than 12 months; and as such, the adoption of the new accounting standard did not result in any changes to the statement of financial position or statement of changes in net assets as of and for the year ended September 30, 2023.

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 restrictions and net assets with donor restrictions.

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.

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

Basis of Presentation (continued)
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.

Cash and Cash Equivalents
The Organization considers all liquid investments, with maturity of 90 days or less when purchased, to be 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. As of September 30, 2023, the Organization had cash and cash equivalents in excess of the FDIC insured limit of $2,432,111. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments
The Organization's investments in marketable equity securities are classified as available for sale because they are being held for an indefinite period of time. Available-for-sale securities are recorded at fair value as investments on the consolidated statement of financial position, with unrealized gains and losses included in the change in net assets in the consolidated statement of activities.

The Organization's investments, which are all held in one security, are exposed to various risks, such as interest rate, market, currency and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment assets reported in the consolidated financial statements.

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, 2023 was $107,806.

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

Leases
The Organization recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. The Organization made an accounting policy election by class of underlying asset to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

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.

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.

Revenues from sales of inventory and online courses are recognized at the time the product or service is sold.

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, 2023, the Organization has recorded $16,711 of donated goods and services included in the accompanying statement of activities.

Income Taxes
The United States Division of Iris Global, and Iris Global Churches 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 – 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, 2023.

Cash and cash equivalents	$ 2,741,725
Investments	949,815
Inventory	36,150
Financial assets, year-end	3,727,690
Less those unavailable for general expenditures within one year due to:	
Time or purpose restrictions by donor	(1,727,052)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,000,638

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 $600,000 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. To meet this goal, the Organization has a liquidity reserve bank account which 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. The balance of the account was $562,411 as of September 30, 2023.

NOTE 3 – 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.

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

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, 2023:

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

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, 2023:

	Level 1	Level 2	Level 3	Total
Common Stock	$ 949,815	$ -	$ -	$ 949,815

As of September 30, 2023 the Organization's investment portfolio was comprised of investments in one company thus exposing the Organization to certain market risks.

NOTE 4 – INVESTMENTS

Investments consist of the following unrestricted net assets at September 30, 2023:

	Cost	Market Value	Unrealized Gains
Stocks	$ 105,938	$ 949,815	$ 843,877

The Organization's investment activities for the year ended September 30, 2023 resulted in dividend income of $5,735 and realized and unrealized gains on investments of $229,923. For the year ended September 30, 2023, direct custodial fees and investment advisory fees were zero.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2023:

	Total
Base program designations	$ 712,146
Well drilling projects	596,742
Bible distribution	168,149
Child sponsorship	136,923
Missionary support	80,103
Iris University	29,668
Other	3,321
Total net assets with donor restrictions	$ 1,727,052

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization paid $93,865 to various organizations which are considered related by virtue of association between senior leaders who also serve as members on Iris Global's board. The majority of these payments are reported on the consolidated statement of activities as direct program expenses for missions. Honorariums paid to board members amounted to $1,000 for the year ended September 30, 2023. See Note 9 for details on transactions with the foreign divisions.

NOTE 7 – 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 8 – 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 9 – 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, 2023, total grant expenses paid to Mozambican and Madagascan bases were $7,205,600 and $65,269, respectively. Those grant expenses are included in grants and other disbursements on the accompanying Statement of Functional Expenses. The financial position as of September 30, 2023 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 10 – RETIREMENT PLAN

In July 2022, 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 by making either tax deferred or Roth contributions. A summary plan describing the various rules of the plan is available. At this time, the Organization makes an annual matching contribution to the Plan at the discretion of its board members.

NOTE 11 – SUBSEQUENT EVENTS

Iris Global has evaluated subsequent events through January 19, 2024, which is the date the financial statements were available to be issued.