UNITED STATES DIVISION OF IRIS GLOBAL
AND RELATED ENTITIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
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FOR THE YEAR ENDED SEPTEMBER 30, 2019

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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, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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.
Opinion

In our opinion, the 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, 2019, 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 9 to the financial statements, these financial statements include only the United States Division of Iris Global and related entities. Our opinion is not modified with respect to this matter.

[Signature]

Redding, California
December 12, 2019
# Consolidated Statement of Financial Position

## ASSETS

<table>
<thead>
<tr>
<th>Current assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,340,048</td>
</tr>
<tr>
<td>Investments</td>
<td>420,741</td>
</tr>
<tr>
<td>Inventory</td>
<td>115,008</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>23,386</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>2,899,183</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and equipment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,724,404</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(271,777)</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td><strong>1,452,627</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total assets</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,351,810</td>
</tr>
</tbody>
</table>

## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$126,429</td>
</tr>
<tr>
<td>Accrued payroll and accrued liabilities</td>
<td>122,469</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>280,995</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>529,893</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>2,148,430</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>1,673,487</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>3,821,917</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total liabilities and net assets</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,351,810</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### Consolidated Statement of Activities

**For the Year Ended September 30, 2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and other support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 5,329,478</td>
<td>$ 5,702,441</td>
<td>$ 11,031,919</td>
</tr>
<tr>
<td>Harvest School income</td>
<td>972,875</td>
<td>-</td>
<td>972,875</td>
</tr>
<tr>
<td>Global School income</td>
<td>411,164</td>
<td>-</td>
<td>411,164</td>
</tr>
<tr>
<td>Conference registration</td>
<td>109,103</td>
<td>-</td>
<td>109,103</td>
</tr>
<tr>
<td>Reimbursed travel revenue</td>
<td>65,312</td>
<td>-</td>
<td>65,312</td>
</tr>
<tr>
<td>Sale of Christian materials</td>
<td>62,542</td>
<td>-</td>
<td>62,542</td>
</tr>
<tr>
<td>Cost of Christian materials sold</td>
<td>(46,930)</td>
<td>-</td>
<td>(46,930)</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>22,397</td>
<td>-</td>
<td>22,397</td>
</tr>
<tr>
<td>Investment income</td>
<td>8,537</td>
<td>-</td>
<td>8,537</td>
</tr>
<tr>
<td>Other income</td>
<td>7,522</td>
<td>-</td>
<td>7,522</td>
</tr>
<tr>
<td>Realized and unrealized loss on investments</td>
<td>(10,827)</td>
<td>-</td>
<td>(10,827)</td>
</tr>
<tr>
<td><strong>Total revenue and other support</strong></td>
<td>6,931,173</td>
<td>5,702,441</td>
<td>12,633,614</td>
</tr>
</tbody>
</table>

| Description                                                                 |                      |                         |             |
| **Net assets released from restrictions**                                  |                      |                         |             |
| Satisfaction of purpose requirements                                      | 5,156,279            | (5,156,279)             | -           |
| **Total revenue and support allocated**                                   | 12,087,452           | 546,162                 | 12,633,614  |

| Description                                                                 |                      |                         |             |
| **Ministry expenses**                                                      |                      |                         |             |
| Missions                                                                   | 5,641,879            | -                       | 5,641,879   |
| Children's services                                                       | 2,106,695            | -                       | 2,106,695   |
| Education                                                                 | 1,996,866            | -                       | 1,996,866   |
| Community development                                                     | 985,259              | -                       | 985,259     |
| Impoverished women's care                                                 | 324,289              | -                       | 324,289     |
| **Total ministry expenses**                                                | 11,054,988           | -                       | 11,054,988  |

| Description                                                                 |                      |                         |             |
| **Support activities expenses**                                           |                      |                         |             |
| Administration                                                            | 1,226,420            | -                       | 1,226,420   |
| Fundraising                                                               | 296,998              | -                       | 296,998     |
| **Total support activities expenses**                                     | 1,523,418            | -                       | 1,523,418   |

| Description                                                                 |                      |                         |             |
| **Total expenses**                                                        | 12,578,406           | -                       | 12,578,406  |

| Description                                                                 |                      |                         |             |
| Change in net assets                                                      | (490,954)            | 546,162                 | 55,208      |
| Net assets at beginning of year                                           | 2,639,384            | 1,127,325               | 3,766,709   |
| **Net assets at end of year**                                             | $ 2,148,430          | $ 1,673,487             | $ 3,821,917 |

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

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## UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Children's Services</th>
<th>Community Development</th>
<th>Education</th>
<th>Impoverished Women's Care</th>
<th>Missions</th>
<th>Administration</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank charges</td>
<td>$19,632</td>
<td>$-</td>
<td>$2,503</td>
<td>$-</td>
<td>$653</td>
<td>$187,743</td>
<td>$-</td>
<td>$210,531</td>
</tr>
<tr>
<td>Conference administration and setup</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34,356</td>
<td>-</td>
<td>-</td>
<td>34,356</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>78,089</td>
<td>23,130</td>
<td>-</td>
<td>101,219</td>
</tr>
<tr>
<td>Fees and licenses</td>
<td>3,709</td>
<td>-</td>
<td>3,275</td>
<td>-</td>
<td>14,155</td>
<td>23,842</td>
<td>2,771</td>
<td>47,752</td>
</tr>
<tr>
<td>Equipment</td>
<td>691</td>
<td>-</td>
<td>12,198</td>
<td>-</td>
<td>65,045</td>
<td>8,670</td>
<td>263</td>
<td>86,867</td>
</tr>
<tr>
<td>Grants and other disbursements</td>
<td>2,020,005</td>
<td>985,259</td>
<td>715,789</td>
<td>324,289</td>
<td>3,388,208</td>
<td>3,709</td>
<td>6,573</td>
<td>7,443,832</td>
</tr>
<tr>
<td>Honorariums</td>
<td>-</td>
<td>-</td>
<td>107,195</td>
<td>-</td>
<td>57,100</td>
<td>-</td>
<td>-</td>
<td>164,295</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,871</td>
<td>31,503</td>
<td>-</td>
<td>59,374</td>
</tr>
<tr>
<td>Missions aviation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,804</td>
<td>-</td>
<td>-</td>
<td>31,804</td>
</tr>
<tr>
<td>Media and web design</td>
<td>6,418</td>
<td>-</td>
<td>13,894</td>
<td>-</td>
<td>1,421</td>
<td>-</td>
<td>59,673</td>
<td>81,406</td>
</tr>
<tr>
<td>Office expense</td>
<td>-</td>
<td>-</td>
<td>691</td>
<td>-</td>
<td>8,950</td>
<td>19,734</td>
<td>2,353</td>
<td>31,728</td>
</tr>
<tr>
<td>Outreach expenses</td>
<td>-</td>
<td>-</td>
<td>128,590</td>
<td>-</td>
<td>69,372</td>
<td>-</td>
<td>-</td>
<td>197,962</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>1,981</td>
<td>-</td>
<td>391</td>
<td>-</td>
<td>13,874</td>
<td>4,662</td>
<td>14,742</td>
<td>35,650</td>
</tr>
<tr>
<td>Printing and copying</td>
<td>1,287</td>
<td>-</td>
<td>215</td>
<td>-</td>
<td>10,895</td>
<td>3,869</td>
<td>16,487</td>
<td>32,753</td>
</tr>
<tr>
<td>Professional services</td>
<td>-</td>
<td>-</td>
<td>20,743</td>
<td>-</td>
<td>-</td>
<td>99,868</td>
<td>-</td>
<td>120,611</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>-</td>
<td>5,272</td>
<td>-</td>
<td>7,121</td>
<td>-</td>
<td>-</td>
<td>12,393</td>
</tr>
<tr>
<td>Salaries and related costs</td>
<td>52,372</td>
<td>-</td>
<td>104,621</td>
<td>-</td>
<td>1,124,546</td>
<td>771,618</td>
<td>178,834</td>
<td>2,231,991</td>
</tr>
<tr>
<td>School food and kitchen</td>
<td>-</td>
<td>-</td>
<td>247,154</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>247,154</td>
</tr>
<tr>
<td>School housing</td>
<td>-</td>
<td>-</td>
<td>355,594</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>355,594</td>
</tr>
<tr>
<td>School transportation</td>
<td>-</td>
<td>-</td>
<td>105,236</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>105,236</td>
</tr>
<tr>
<td>Training and education</td>
<td>-</td>
<td>-</td>
<td>4,031</td>
<td>-</td>
<td>8,649</td>
<td>2,725</td>
<td>-</td>
<td>15,405</td>
</tr>
<tr>
<td>Travel, meals and lodging</td>
<td>-</td>
<td>-</td>
<td>147,286</td>
<td>-</td>
<td>512,558</td>
<td>19,352</td>
<td>11,261</td>
<td>690,457</td>
</tr>
<tr>
<td>Utilities</td>
<td>600</td>
<td>-</td>
<td>10,361</td>
<td>-</td>
<td>30,677</td>
<td>5,784</td>
<td>1,298</td>
<td>48,720</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,095</td>
<td>16,704</td>
<td>-</td>
<td>33,799</td>
</tr>
<tr>
<td>Solar and audio bibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>131,819</td>
<td>-</td>
<td>-</td>
<td>131,819</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>11,827</td>
<td>-</td>
<td>7,621</td>
<td>3,507</td>
<td>2,743</td>
<td>25,698</td>
</tr>
</tbody>
</table>

**Total expenses**  
$2,106,695 $985,259 $1,996,866 $324,289 $5,641,879 $1,226,420 $296,998 $12,578,406

The accompanying notes are an integral part of these financial statements.
Cash flows from operating activities
Cash received from contributions, tuition, and materials $ 12,460,955
Cash paid to employees, vendors, grant recipients and foreign division (12,490,002)
Interest and dividends received 8,537

Net cash provided by (used in) operating activities (20,510)

Cash flows from investing activities
Proceeds from sale of investments 64,156
Purchases of equipment (25,537)

Net cash provided by (used in) investing activities 38,619

Net increase (decrease) in cash and cash equivalents 18,109
Cash and cash equivalents, beginning of year 2,321,939

Cash and cash equivalents, end of year $ 2,340,048

Reconciliation of change in net assets to net cash provided by (used in) operating activities
Change in net assets $ 55,208

Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities

Depreciation 101,219
Unrealized loss on investments 10,827
Contribution of securities (79,758)

Decrease (increase) in assets
Accounts receivable 4,118
Inventory (12,108)
Prepaid expenses (10,673)

Increase (decrease) in liabilities
Accounts payable 4,785
Accrued payroll and accrued liabilities 5,181
Unearned revenue (99,309)

Total adjustments (75,718)

Net cash provided by (used in) operating activities $ (20,510)
NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The accompanying 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 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 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.

New Accounting Pronouncement
During the year ended September 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016 - 14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11).

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 reductions.
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, 2019, the Organization had cash and cash equivalents in excess of the FDIC insured limit of $1,780,782.

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, 2019 was $101,219.

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.

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. At September 30, 2019, the current liability for unearned revenue was $280,995.
NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019, the Organization has recorded $16,704, for the use of office space.

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 – RELATED PARTY TRANSACTIONS

In the course of various mission-related activities, the Organization purchases and resells certain books and publications written by two of the board members. The Organization pays to the board members a royalty out of the profits on these sales. During the year ended September 30, 2019, royalties paid to board members amounted to $11,827. Honorariums paid to board members amounted to $19,000 for the year ended September 30, 2019. See Note 9 for details on transactions with the foreign division.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of September 30, 2019:

<table>
<thead>
<tr>
<th>Category</th>
<th>IRIS Global</th>
<th>IRIS Air</th>
<th>IRIS Nautical</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft and aviation equipment</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>1,341,565</td>
</tr>
<tr>
<td>Boat and nautical equipment</td>
<td>-</td>
<td>-</td>
<td>232,516</td>
<td>$232,516</td>
</tr>
<tr>
<td>Computers and software</td>
<td>113,882</td>
<td>-</td>
<td>-</td>
<td>113,882</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>31,003</td>
<td>-</td>
<td>-</td>
<td>31,003</td>
</tr>
<tr>
<td>Improvements</td>
<td>5,438</td>
<td>-</td>
<td>-</td>
<td>5,438</td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>150,323</td>
<td>1,341,565</td>
<td>232,516</td>
<td>1,724,404</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(116,018)</td>
<td>(109,256)</td>
<td>(46,503)</td>
<td>(271,777)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$34,305</td>
<td>$1,232,309</td>
<td>$186,013</td>
<td>$1,452,627</td>
</tr>
</tbody>
</table>
NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2019:

<table>
<thead>
<tr>
<th></th>
<th>IRIS Global</th>
<th>IRIS Relief</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well drilling projects</td>
<td>$389,630</td>
<td>$</td>
<td>$389,630</td>
</tr>
<tr>
<td>Base program designations</td>
<td>120,636</td>
<td>-</td>
<td>120,636</td>
</tr>
<tr>
<td>Child sponsorship</td>
<td>170,562</td>
<td>-</td>
<td>170,562</td>
</tr>
<tr>
<td>Other current operating programs</td>
<td>219,017</td>
<td>450</td>
<td>219,467</td>
</tr>
<tr>
<td>Relief projects</td>
<td>317,815</td>
<td>455,377</td>
<td>773,192</td>
</tr>
<tr>
<td><strong>Total net assets with donor restrictions</strong></td>
<td>$1,217,660</td>
<td>$455,827</td>
<td>$1,673,487</td>
</tr>
</tbody>
</table>

NOTE 5 – INVESTMENTS

Investments are reported at their fair values in the statement of financial position in accordance with FASB ASC Subtopic 958-320-50. Unrealized gains and losses are included in the change in net assets. For the year ended September 30, 2019, direct investment advisory fees were $-0-.

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market Value</th>
<th>Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>$161,031</td>
<td>$420,741</td>
<td>$259,710</td>
</tr>
</tbody>
</table>

NOTE 6 – 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 6 – 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, 2019:

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, 2019:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>$420,741</td>
<td></td>
<td></td>
<td>$420,741</td>
</tr>
</tbody>
</table>

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 in fact not an unrelated 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, 2019 total grant expenses paid to Mozambican and Madagascan bases were $5,642,666 and $255,527, 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, 2019 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 – 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, 2019.

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,340,048</td>
</tr>
<tr>
<td>Investments</td>
<td>420,741</td>
</tr>
<tr>
<td>Inventory</td>
<td>115,008</td>
</tr>
<tr>
<td><strong>Financial assets, year-end</strong></td>
<td><strong>2,875,797</strong></td>
</tr>
</tbody>
</table>

Less those unavailable for general expenditures within one year due to:

<table>
<thead>
<tr>
<th>Restriction</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time or purpose restrictions by donor</td>
<td><strong>(1,673,487)</strong></td>
</tr>
</tbody>
</table>

**Financial assets available to meet cash needs for general expenditures within one year** $1,202,310

The Organization has $2,875,797 of financial assets at September 30, 2019. 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 $1,202,310 of financial assets available within one year as of the balance sheet date to meet cash needs for general expenditure consisting of cash of $666,561, investments of $420,741 and inventory of $115,008. Occasionally, management sets aside a portion of any operating surplus to its liquidity reserve, which was $63,037 as of September 30, 2019. 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 11 – 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 12 – SUBSEQUENT EVENTS

Iris Global has evaluated subsequent events through December 12, 2019, which is the date the financial statements were available to be issued and determined there are no significant events to disclose.