



2022 AUDITED FINANCIAL STATEMENTS

**UNITED STATES DIVISION OF IRIS GLOBAL
AND RELATED ENTITIES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
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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) and related entities, which comprise the consolidated statement of financial position as of September 30, 2022, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Division of Iris Global as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the United States Division of Iris Global and related entities, 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 Consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United States Division of Iris Global and related entities' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated 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 the United States Division of Iris Global and related entities' 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 the United States Division of Iris Global and related entities' 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
February 3, 2023



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 3,584,937
Investments	862,871
Employee Retention Credit Receivable	389,650
Inventory	87,179
Prepaid expenses	40,337

Total current assets 4,964,974

Property and equipment

Aircraft and aviation equipment	1,341,565
Boat and nautical equipment	232,516
Computers and software	176,584
Vehicles	32,115
Furniture and equipment	14,470

Total property and equipment 1,797,250

Less accumulated depreciation (564,602)

Property and equipment, net 1,232,648

Total assets \$ 6,197,622

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 64,929
Accrued payroll and accrued liabilities	161,935
Unearned revenue	248,315

Total liabilities 475,179

Net assets

Without donor restrictions	3,929,433
With donor restrictions	1,793,010

Total net assets 5,722,443

Total liabilities and net assets \$ 6,197,622

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



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 7,354,847	\$ 5,976,934	\$ 13,331,781
School income	327,545	-	327,545
Online courses and content	38,200	-	38,200
Sale of Christian materials	30,183	-	30,183
Donated goods and services	16,704	-	16,704
Investment income	1,241	-	1,241
Paycheck Protection Program debt extinguishment	403,570	-	403,570
Other income	541,925	-	541,925
Unrealized loss on investments	(57,777)	-	(57,777)
Total revenue and other support	8,656,438	5,976,934	14,633,372
Net assets released from restrictions			
Satisfaction of purpose requirements	6,008,452	(6,008,452)	-
Total revenue and support allocated	14,664,890	(31,518)	14,633,372
Ministry expenses			
Missions	9,115,291	-	9,115,291
Children's services	1,126,639	-	1,126,639
Education	841,121	-	841,121
Crisis Response	1,750,012	-	1,750,012
Total ministry expenses	12,833,063	-	12,833,063
Support activities expenses			
Administration	1,383,668	-	1,383,668
Fundraising	276,265	-	276,265
Total support activities expenses	1,659,933	-	1,659,933
Total expenses	14,492,996	-	14,492,996
Change in net assets	171,894	(31,518)	140,376
Net assets at beginning of year	3,757,539	1,824,528	5,582,067
Net assets at end of year	\$ 3,929,433	\$ 1,793,010	\$ 5,722,443

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



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
 CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Ministry				Support Activities		Total
	Missions	Children's Services	Education	Crisis Response	Administration	Fundraising	
Expenses							
Advertising	\$ 2,953	\$ 69	\$ 2,322	\$ -	\$ -	\$ -	\$ 5,344
Aviation and nautical operations	44,677	-	-	-	-	-	44,677
Bank charges	2,264	25,843	307	-	166,230	-	194,644
Conference administration and setup	87,189	-	-	-	-	-	87,189
Cost of goods sold	34,968	-	-	-	-	-	34,968
Depreciation	88,218	-	-	-	9,634	1,205	99,057
Equipment	15,325	-	1,376	-	11,251	3,499	31,451
Fees and licenses	19,209	7,505	5,375	-	67,497	4,455	104,041
Grants and other disbursements	7,576,568	1,011,273	391,756	1,723,600	481	2,885	10,706,563
Honorariums	12,000	-	59,017	-	4,000	-	75,017
Insurance	58,183	-	-	-	32,226	-	90,409
Meals and entertainment	25,029	81	4,583	-	6,336	474	36,503
Media and web design	98	6,303	13,700	-	-	30,000	50,101
Office expense	7,415	50	1,695	-	15,426	1,867	26,453
Other	-	-	-	-	16,531	-	16,531
Outreach expenses	906	-	53,880	-	-	-	54,786
Postage and shipping	4,527	198	170	-	1,719	8,369	14,983
Printing and copying	1,253	3,587	1,003	-	1,723	11,875	19,441
Professional services	9,317	-	1,572	17,848	99,928	-	128,665
Rent	-	-	-	-	44,000	-	44,000
Repairs and maintenance	8,559	-	540	-	10,459	-	19,558
Salaries and related costs	713,169	67,226	132,777	-	852,450	197,038	1,962,660
School food and kitchen	-	-	57,101	-	-	-	57,101
School housing	-	-	37,289	-	-	-	37,289
School transportation	-	-	19,016	-	-	-	19,016
Solar and audio bibles	119,038	-	-	-	-	-	119,038
Supplies	6,558	-	3,289	-	6,616	285	16,748
Training and education	3,335	-	2,145	-	2,207	-	7,687
Travel	251,447	3,804	49,121	6,703	21,534	11,629	344,238
Utilities	23,086	700	3,087	1,861	13,420	2,684	44,838
Total expenses	\$ 9,115,291	\$ 1,126,639	\$ 841,121	\$ 1,750,012	\$ 1,383,668	\$ 276,265	\$ 14,492,996

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



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash flows from operating activities	
Cash received from contributions, tuition, and materials	\$ 13,938,068
Cash paid to employees, vendors, grant recipients and foreign division	(14,354,367)
Dividend income	5,572
Net cash provided by (used in) operating activities	<u>(410,727)</u>
Cash flows from investing activities	
Proceeds from sale of investments	106,922
Purchase of investments	(5,572)
Purchases of equipment	(25,493)
Net cash provided by (used in) investing activities	<u>75,857</u>
Net increase (decrease) in cash and cash equivalents	(334,870)
Cash and cash equivalents, beginning of year	<u>3,919,807</u>
Cash and cash equivalents, end of year	<u>\$ 3,584,937</u>
Schedule of non-cash investing and financing activities	
Forgiveness of Paycheck Protection Program Loan	\$ 403,570
Donated securities	129,700
Reconciliation of change in net assets to net cash provided by (used in) operating activities	
Change in net assets	\$ <u>140,376</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	99,057
Loss on investments	62,109
Contribution of securities	(129,700)
Gain on Paycheck Protection Program debt extinguishment	(403,570)
Decrease (increase) in assets	
Accounts receivable	(389,650)
Inventory	14,191
Prepaid expenses	(8,789)
Increase (decrease) in liabilities	
Accounts payable	(536)
Accrued payroll and accrued liabilities	34,706
Unearned revenue	<u>171,079</u>
Total adjustments	<u>(551,103)</u>
Net cash provided by (used in) operating activities	<u>\$ (410,727)</u>

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



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 10 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.

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.
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Net Assets With Donor Restrictions	Net assets whose use is limited by donor-imposed time/and or purpose restrictions.
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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.

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 On 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.



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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, 2022, the Organization had cash and cash equivalents in excess of the FDIC insured limit of \$3,191,887.

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, 2022 was \$99,057.

Revenue Recognition

The Organization recognizes contribution revenue in accordance with FAB ASC Subtopic 958-605, Accounting for Contributions Received and Contributions Made. As such, contributions are recognized as revenue when they are received.



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Revenue Recognition (continued)

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 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, 2022, the Organization has recorded \$16,704 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, 2022.

Cash and cash equivalents	\$ 3,584,937
Investments	862,871
Employee Retention Credit Receivable	389,650
Inventory	87,179
Financial assets, year-end	<u>4,924,637</u>
Less those unavailable for general expenditures within one year due to:	
Time or purpose restrictions by donor	<u>(1,793,010)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,131,627</u>



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 – LIQUIDITY AND AVAILABILITY OF ASSETS (continued)

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 \$620,000 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 \$861,401 as of September 30, 2022.

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.

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, 2022:

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.



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth, by level, within the fair value hierarchy, the Organization's assets as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ <u>862,871</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>862,871</u>

As of September 30, 2022 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, 2022:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gains</u>
Stocks	\$ <u>107,877</u>	\$ <u>862,871</u>	\$ <u>754,994</u>

The Organization's investment activities for the year ended September 30, 2022 resulted in dividend income of \$5,572 and realized and unrealized loss on investments of \$62,109. For the year ended September 30, 2022, 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, 2022:

Base program designations	628,255
Well drilling projects	\$ 510,271
Iris University	300,653
Bible distribution	168,161
Child sponsorship	110,418
Missionary support	71,802
Other	<u>3,450</u>
Total net assets with donor restrictions	<u>\$ 1,793,010</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization paid \$72,620 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 \$500 for the year ended September 30, 2022. See Note 10 for details on transactions with the foreign divisions.



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 7 – PAYCHECK PROTECTION PROGRAM

Iris Global was eligible and received the second round of funding under the PPP through Bank of America on February 18, 2021 in the amount of \$403,570. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization had elected to treat this as a loan in accordance with ASC 470 Debt. During the year ended September 30, 2022, this loan was forgiven and resulted in a gain on extinguishment of debt of \$403,570.

NOTE 8 – 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 9 – 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 10 – 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 2022 total grant expenses paid to Mozambican and Madagascan bases were \$7,885,600 and \$66,168, 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, 2022 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 11 – 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 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 of directors.



2022 AUDITED FINANCIAL STATEMENTS

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 12 – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit was created by the CARES Act to encourage entities to keep employees on payroll despite experiencing economic hardships due to the COVID-19 pandemic. Under the Act, eligible employers can take refundable credits against the employer portion of Social Security taxes up to 70% of qualified wages. Qualified wages are up to \$10,000 of wages and health care costs per employee per quarter for the first three calendar quarters of 2021. To qualify for the credit, an employer must be considered an eligible employer. An employer may be treated as an eligible employer for purposes of the Employee Retention Credit if its operations are fully or partially suspended during a calendar quarter due to "orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes)" due to COVID-19. Governmental restrictions on travel and gathering impacted Iris Global's ability to hold in-person events and schools which comprised a significant portion of the organization's operations in prior years. During the year ended September 30, 2022, Iris Global determined the entity qualified for the credit for the first three calendar quarters of 2021 and applied for the credit. Management believes the credit to be collectible within the next twelve months, therefore it is recorded as a receivable at September 30, 2022 in the amount of \$389,650.

NOTE 13 – SUBSEQUENT EVENTS

Iris Global has evaluated subsequent events through February 3, 2023 which is the date the financial statements were available to be issued.