

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(RE-ISSUED)**

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Iris Global
Redding, California

We have audited the accompanying consolidated financial statements of the United States Division of Iris Global and related entities (non-profit organizations), which comprise the consolidated statement of financial position as of September 30, 2017, 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. We have also audited the accompanying financial statements of the United States Division of Iris Global (non-profit organization), which comprise the statement of financial position as of September 30, 2016, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits. We conducted our audits 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, 2017 and September 30, 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 10 to the financial statements, these financial statements include only the United States Division of Iris Global. Our opinion is not modified with respect to this matter.

D.H. Scott & Company LLP

Redding, California

January 3, 2018

(except Note 10, as to which the
date is September 20, 2018)

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2017 AND 2016

ASSETS

	<u>Consolidated</u>	<u>2016</u>
	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 2,156,161	\$ 1,617,624
Investments	269,049	182,861
Accounts receivable	505	775
Inventory	107,245	90,792
Prepaid expenses	18,291	18,648
	<u>2,551,251</u>	<u>1,910,700</u>
Total current assets		
Property and equipment	1,967,993	1,731,848
Less accumulated depreciation	<u>(367,507)</u>	<u>(289,865)</u>
	<u>1,600,486</u>	<u>1,441,983</u>
Property and equipment, net		
Total assets	<u>\$ 4,151,737</u>	<u>\$ 3,352,683</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 102,314	\$ 73,341
Accrued payroll and accrued liabilities	112,204	86,818
Unearned revenue	648,241	743,185
	<u>862,759</u>	<u>903,344</u>
Total liabilities		
Net assets		
Unrestricted	1,805,903	1,817,463
Temporarily restricted	<u>1,483,075</u>	<u>631,876</u>
	<u>3,288,978</u>	<u>2,449,339</u>
Total net assets		
Total liabilities and net assets	<u>\$ 4,151,737</u>	<u>\$ 3,352,683</u>

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

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
Revenue and other support			
Contributions	\$ 4,823,329	\$ 4,338,100	\$ 9,161,429
Harvest School income	1,491,962	-	1,491,962
Global School income	387,014	-	387,014
Conference registration	34,667	-	34,667
Sale of Christian materials	65,617	-	65,617
Cost of Christian material sold	(45,771)	-	(45,771)
Investment income	5,092	-	5,092
Donated goods and services	122,576	-	122,576
Reimbursed travel revenue	93,646	-	93,646
Other income	58,777	-	58,777
Unrealized gain on investments	70,645	-	70,645
Total revenue and other support	7,107,554	4,338,100	11,445,654
Net assets released from restrictions			
Satisfaction of purpose requirements	3,486,901	(3,486,901)	-
Total revenue and support allocated	10,594,455	851,199	11,445,654
Operating expenses			
Ministry expenses			
Children's services	2,221,111	-	2,221,111
Community development	516,924	-	516,924
Education	2,600,195	-	2,600,195
Impoverished women's care	352,437	-	352,437
Missions	3,652,153	-	3,652,153
Total ministry expenses	9,342,820	-	9,342,820
Support activities expense			
Administration	1,087,997	-	1,087,997
Fundraising	196,599	-	196,599
Total support activities expense	1,284,596	-	1,284,596
Total operating expenses	10,627,416	-	10,627,416
Change in net assets	(32,961)	851,199	818,238
Consolidation of Iris Relief prior year equity (Note 9)	21,401	-	21,401
Net assets at beginning of year	1,817,463	631,876	2,449,339
Net assets at end of year	\$ 1,805,903	\$ 1,483,075	\$ 3,288,978

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

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenue and other support			
Contributions	\$ 5,098,020	\$ 2,423,935	\$ 7,521,955
Harvest School income	1,533,444	-	1,533,444
Global School income	303,721	-	303,721
Sale of Christian materials	80,461	-	80,461
Cost of Christian material sold	(45,592)	-	(45,592)
Investment income	3,662	-	3,662
Donated goods and services	107,740	-	107,740
Reimbursed travel revenue	123,911	-	123,911
Other income	71,430	-	71,430
Unrealized loss on investments	(2,263)	-	(2,263)
Total revenue and other support	7,274,534	2,423,935	9,698,469
Net assets released from restrictions			
Satisfaction of purpose requirements	2,516,279	(2,516,279)	-
Total revenue and support allocated	9,790,813	(92,344)	9,698,469
Operating expenses			
Ministry expenses			
Children's services	2,040,871	-	2,040,871
Community development	1,112,039	-	1,112,039
Education	2,196,970	-	2,196,970
Impoverished women's care	393,251	-	393,251
Missions	3,284,619	-	3,284,619
Total ministry expenses	9,027,750	-	9,027,750
Support activities expense			
Administration	1,330,951	-	1,330,951
Fundraising	189,410	-	189,410
Total support activities expense	1,520,361	-	1,520,361
Total operating expenses	10,548,111	-	10,548,111
Change in net assets	(757,298)	(92,344)	(849,642)
Net assets at beginning of year	2,574,761	724,220	3,298,981
Net assets at end of year	\$ 1,817,463	\$ 631,876	\$ 2,449,339

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

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017							Total
	Ministry Expenses					Support Activities		
	Children's Services	Community Development	Education	Impoverished Women's Care	Missions	Administration	Fundraising	
Expenses								
Bank charges	\$ 16,188	\$ -	\$ 50	\$ -	\$ 1,292	\$ 175,852	\$ 3	\$ 193,385
Conference administration & setup	-	-	-	-	11,910	-	-	11,910
Depreciation	-	-	-	-	54,498	23,143	-	77,641
Fees and licenses	395	-	-	-	9,110	12,557	370	22,432
Gifts and offerings	132	-	-	-	82,728	577	5,985	89,422
Grants and other disbursements	2,152,766	516,924	758,353	352,437	2,111,804	-	-	5,892,284
Harvest School expenses	-	-	1,288,089	-	-	-	-	1,288,089
Iris Global School expenses	-	-	467,394	-	-	-	-	467,394
Insurance	-	-	-	-	50,461	20,803	-	71,264
Missions aviation	-	-	-	-	16,519	-	-	16,519
Media and web design	2,189	-	-	-	12,438	-	56,773	71,400
Office expense	3,851	-	-	-	21,021	20,685	803	46,360
Other	-	-	-	-	425	-	3,568	3,993
Postage and shipping	991	-	23	-	3,254	6,713	12,924	23,905
Printing and copying	2,559	-	-	-	1,289	1,013	8,686	13,547
Professional services	-	-	-	-	-	96,825	-	96,825
Rent	-	-	-	-	34,040	16,704	-	50,744
Salaries and related costs	41,662	-	86,286	-	879,870	677,460	89,520	1,774,798
Solar & audio bibles	-	-	-	-	14,397	-	-	14,397
Training and education	-	-	-	-	12,403	3,619	31	16,053
Travel, meals and lodging	228	-	-	-	302,969	25,797	17,284	346,278
Utilities	150	-	-	-	31,725	6,249	652	38,776
Total functional expenses	\$ 2,221,111	\$ 516,924	\$ 2,600,195	\$ 352,437	\$ 3,652,153	\$ 1,087,997	\$ 196,599	\$ 10,627,416

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

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR SEPTEMBER JUNE 30, 2016

	2016							
	Ministry Expenses					Support Activities		Total
	Children's Services	Community Development	Education	Impoverished Women's Care	Missions	Administration	Fundraising	
Expenses								
Bank charges	\$ 11,223	\$ -	\$ -	\$ -	\$ 800	\$ 191,536	\$ -	\$ 203,559
Depreciation	-	-	-	-	54,498	24,605	-	79,103
Fees and licenses	423	-	-	-	3,144	13,669	1,043	18,279
Gifts and offerings	-	-	-	-	93,476	2,111	8,712	104,299
Grants and other disbursements	2,013,471	1,107,475	895,409	393,251	1,854,957	-	-	6,264,563
Harvest School expenses	-	-	1,076,624	-	-	-	-	1,076,624
Iris Global School expenses	-	-	223,398	-	-	-	-	223,398
Insurance	-	-	-	-	53,222	18,928	-	72,150
Missions aviation	-	-	-	-	16,075	-	-	16,075
Media and web design	10,696	-	-	-	29,919	-	54,475	95,090
Office expense	175	-	-	-	32,705	22,663	2,194	57,737
Other	-	-	-	-	213	14,576	8,312	23,101
Postage and shipping	207	-	-	-	2,927	10,283	17,587	31,004
Printing and copying	1,900	-	37	-	88	34	3,365	5,424
Professional services	-	-	-	-	-	96,815	-	96,815
Rent	-	-	-	-	50,206	16,704	-	66,910
Salaries and related costs	-	-	-	-	849,027	851,725	74,762	1,775,514
Training and education	-	-	15	-	823	5,602	328	6,768
Travel, meals and lodging	2,776	4,564	1,416	-	220,259	54,253	17,264	300,532
Utilities	-	-	71	-	22,280	7,447	1,368	31,166
Total functional expenses	\$ 2,040,871	\$ 1,112,039	\$ 2,196,970	\$ 393,251	\$ 3,284,619	\$ 1,330,951	\$ 189,410	\$ 10,548,111

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

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>Consolidated</u> <u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from contributions, tuition, and materials	\$ 11,190,313	\$ 9,640,789
Cash paid to employees, vendors, grant recipients and foreign divisions	(10,511,511)	(10,462,891)
Interest and dividends received	<u>5,092</u>	<u>3,662</u>
Net cash provided by (used in) operating activities	<u>683,894</u>	<u>(818,440)</u>
Cash flows from investing activities		
Purchase of investments	-	(3,405)
Proceeds from sale of investments	90,788	100,548
Purchases of equipment	<u>(236,145)</u>	<u>(14,666)</u>
Net cash provided by (used in) investing activities	<u>(145,357)</u>	<u>82,477</u>
Net increase (decrease) in cash and cash equivalents	538,537	(735,963)
Cash and cash equivalents, beginning of year	<u>1,617,624</u>	<u>2,353,587</u>
Cash and cash equivalents, end of year	<u>\$ 2,156,161</u>	<u>\$ 1,617,624</u>
Supplemental disclosure of cash flow information		
Contributed securities acquired	<u>\$ (106,330)</u>	<u>\$ (100,538)</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	<u>\$ 818,238</u>	<u>\$ (849,642)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Consolidation of Iris Relief equity	21,401	-
Depreciation	77,641	79,103
Loss on disposal of assets	-	14,576
Unrealized loss (gain) on investments	(70,645)	2,263
Contribution of securities	(106,330)	(100,538)
Decrease (increase) in assets:		
Accounts receivable	270	45,716
Inventory	(16,453)	(22,579)
Prepaid expenses	357	1,953
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	54,359	26,744
Unearned revenue	<u>(94,944)</u>	<u>(16,036)</u>
Total adjustments	<u>(134,344)</u>	<u>31,202</u>
Net cash provided by (used in) operating activities	<u>\$ 683,894</u>	<u>\$ (818,440)</u>

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

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

Nature of Operations

The accompanying financial statements include only the United States Division of Iris Global (Organization). The entity 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 Global and related entities are organized as non-profit organizations under the laws of the state of California and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

See Note 10 for details of the for details on the foreian division.

Principles of Consolidation

The consolidated statements include the accounts of Iris Global and its related entities Iris Relief and Iris Global Churches. 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

Iris Global's financial statements conform to FASB ASC Topic 958, *Financial Statements of Not-for-Profit Organizations*, for presentation of its financial statements. As such, the financial statements are on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Reclassification

Certain reclassifications have been made in the 2016 financial statements to conform to the classifications used in the 2017 financial statements. The reclassifications have no effect on the overall net assets.

Cash and Cash Equivalents

Iris Global considers all highly liquid investments, with maturity of 90 days or less when purchased, to be cash equivalents.

Concentrations

Iris Global's financial instruments that are potentially exposed to concentration of credit risk consist of cash and cash equivalents. Iris Global 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, Iris Global believes that the credit risk is nominal. As of September 30, 2017, Iris Global had cash and cash equivalents in excess of the FDIC insured limit of \$1,837,618.

Allowance for Doubtful Accounts

Management considers all receivables to be collectible; therefore, no allowance for doubtful accounts exists for the years ended September 30, 2017 and 2016.

Inventories

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

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

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 2 to 30 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 years ended September 30, 2017 and 2016 was \$77,641 and \$79,103, respectively.

Revenue Recognition

Iris Global 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.

Iris Global 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, temporarily restricted net assets are reclassified in the statement of activities as net assets released from restrictions.

Iris Global reports gifts of land, building 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, Iris Global 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. For the year ended September 30, 2017, the balance of unearned revenue also includes registration payments for conferences to be held in a future year. At September 30, 2017 and 2016, the current liability for unearned revenue was \$648,241 and \$743,185, respectively.

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.

Income Taxes

Iris Global and related entities 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.

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.

UNITED STATES DIVISION OF IRIS GLOBAL AND RELATED ENTITIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 2 - RELATED PARTY TRANSACTIONS

In the course of various mission-related activities, Iris Global purchases and resells certain books and publications written by two of the Organization's founders/board members. Iris Global pays to the board members a royalty out of the profits on these sales. During the years ended September 30, 2017 and 2016 royalties paid to board members amounted to \$11,789 and \$11,920, respectively.

See Note 10 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,:

	2017	2016
Aircraft and aviation equipment	\$ 1,632,941	\$ 1,632,941
Boat and nautical equipment	227,779	-
Computers and software	90,950	82,584
Furniture and equipment	10,885	10,885
Improvements	<u>5,438</u>	<u>5,438</u>
 Total property and equipment	 1,967,993	 1,731,848
Less accumulated depreciation	<u>(367,507)</u>	<u>(289,865)</u>
 Property and equipment, net	 <u>\$ 1,600,486</u>	 <u>\$ 1,441,983</u>

NOTE 4 - RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions on net assets as of September 30, 2017 and 2016 related to funds received from donors who designated how the funds were to be used.

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Well drilling projects	\$ 600,523	\$ 47,449
Base program designations	434,545	127,100
Other current operating programs	207,963	181,384
Child sponsorship	147,660	143,429
Relief projects	<u>92,384</u>	<u>132,514</u>
 Total temporarily restricted net assets	 <u>\$ 1,483,075</u>	 <u>\$ 631,876</u>

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, 2017, direct investment advisory fees were \$-0-.

	Cost	Market Value	Appreciation (Depreciation)
2017 - Common Stock	\$ <u>128,156</u>	\$ <u>269,049</u>	\$ <u>140,893</u>
2016 - Common Stock	\$ <u>112,478</u>	\$ <u>182,861</u>	\$ <u>70,383</u>

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

- 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, 2017 and 2016:

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:

	Assets at Fair Value as of September 30,:			
	Level 1	Level 2	Level 3	Total
<u>2017</u> - Common Stock	\$ 269,049	\$ -	\$ -	\$ 269,049
<u>2016</u> - Common Stock	\$ 182,861	\$ -	\$ -	\$ 182,861

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 – CONSOLIDATION OF PRIOR PERIOD EQUITY

During the year ended September 30, 2017, Iris Global took control of Iris Relief, another non-profit organization. At September 30, 2017, there is \$21,401 of prior year equity from Iris Relief that has been consolidated into the overall financial statements.

NOTE 10 – FOREIGN DIVISION

Operationally, the Organization treated payments to the Mozambique operations as an unrelated entity and recorded all payments as grant expense. In August, 2018 management became aware that ministerial bases located in Mozambique are being legally operated as a division of Iris Global and are in fact, not an unrelated entity. For the years ended September 30, 2017 and 2016 total grant expense paid to Mozambique bases was approximately \$4,570,000 and \$5,150,000, respectively which is included in grants and other disbursements on the accompanying Statement of Functional Expenses. The financial position as of September 30, 2017 and 2016 of the foreign division, and the results of its operations and its cash flows for the years then ended have not been included in these financial statements.

NOTE 11 – SUBSEQUENT EVENTS

Iris Global has evaluated the effects of subsequent events that have occurred subsequent to September 30, 2017 and through September 20, 2018 which is the date the financial statements were available to be issued.