



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS



Financial Statements
and
Independent Auditors' Report

December 31, 2023 and 2022

Global Pearls, Inc.

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Independent Auditors' Report

To the Board of Directors and Management
Global Pearls, Inc.

Opinion

We have audited the accompanying financial statements of Global Pearls, Inc. (Global Pearls) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Pearls as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Pearls and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Pearls' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Global Pearls' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Pearls' 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.

SJT Group LLC

Albuquerque, New Mexico
January 16, 2024

Financial Statements

Global Pearls, Inc.
Statements of Financial Position
December 31,

	2023	2022
Assets		
Current assets		
Cash	\$ 618,843	\$ 465,743
Investments	563,400	357,523
Contributions receivable	9,439	2,802
Total assets	\$ 1,191,682	\$ 826,068
 Net Assets		
Net assets		
Net assets without donor restrictions	\$ 728,990	\$ 612,837
Net assets with donor restrictions	462,692	213,231
Total net assets	1,191,682	826,068
Total net assets	\$ 1,191,682	\$ 826,068

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

Global Pearls, Inc.
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions	\$ 967,291	\$ 431,833	\$ 1,399,124
Investment income	118,235	-	118,235
Net assets released from restrictions	182,372	(182,372)	-
Total support and revenue	1,267,898	249,461	1,517,359
Expenses			
Program services	1,127,623	-	1,127,623
Supporting services			
Management and general	24,122	-	24,122
Total expenses	1,151,745	-	1,151,745
Change in net assets	116,153	249,461	365,614
Net assets, beginning of year	612,837	213,231	826,068
Net assets, end of year	\$ 728,990	\$ 462,692	\$ 1,191,682

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

Global Pearls, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions	\$ 891,163	\$ 195,970	\$ 1,087,133
Investment loss	(81,200)	-	(81,200)
Net assets released from restrictions	154,955	(154,955)	-
Total support and revenue	964,918	41,015	1,005,933
Expenses			
Program services	791,663	-	791,663
Supporting services			
Management and general	12,825	-	12,825
Total expenses	804,488	-	804,488
Change in net assets	160,430	41,015	201,445
Net assets, beginning of year	452,407	172,216	624,623
Net assets, end of year	\$ 612,837	\$ 213,231	\$ 826,068

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

Global Pearls, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Grants to others	\$ 1,116,963	\$ -	\$ 1,116,963
Bank and merchant fees	3,452	14,609	18,061
Accounting fees	-	9,159	9,159
Travel	7,208	-	7,208
Postage and mailing	-	354	354
	<u>\$ 1,127,623</u>	<u>\$ 24,122</u>	<u>\$ 1,151,745</u>

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

Global Pearls, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Grants to others	\$ 781,553	\$ -	\$ 781,553
Bank and merchant fees	3,056	3,239	6,295
Accounting fees	-	8,630	8,630
Travel	7,054	-	7,054
Postage and mailing	-	332	332
Annual report	-	624	624
	<u>\$ 791,663</u>	<u>\$ 12,825</u>	<u>\$ 804,488</u>

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

Global Pearls, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2023	2022
Cash flows from operating activities		
Cash received from grants and contributions	\$ 1,392,487	\$ 1,111,489
Cash received from interest and dividends	11,415	6,104
Cash paid to grantees	(1,116,963)	(781,553)
Cash paid to suppliers for goods and services	(34,782)	(23,019)
Net cash provided by operating activities	252,157	313,021
Cash flows from investing activities		
Purchases of investments	(99,057)	(202,742)
Net cash used by investing activities	(99,057)	(202,742)
Net increase in cash and cash equivalents	153,100	110,279
Cash, beginning of year	465,743	355,464
Cash, end of year	\$ 618,843	\$ 465,743
Noncash investing activities		
Unrealized gain (loss) gain on investments	\$ 106,820	\$ (87,304)

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

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

1) Organization

Global Pearls, Inc. (Global Pearls) is a 501(c)(3) non-profit tax-exempt organization incorporated in 2016. Global Pearls is dedicated to reducing suffering and fostering hope among marginalized populations around the world. Global Pearls' strategy is to identify and empower locals who are knowledgeable about local issues and how to solve them, are talented and resourceful so they can produce results, and are passionate about making a difference in their communities, usually having served their communities for years or decades before they even initiate a Global Pearls partnership. Once a partnership is formed, the local partner designs and runs the projects, while Global Pearls provides strategic and financial support.

Since the focus is on choosing a particular type of partner, not a particular project, there is a great diversity among the projects Global Pearls supports. Projects range from providing education in Guatemala to healthcare in India, gang intervention in Honduras to fighting forced child marriage in Kenya, job creation in Peru and agriculture in Cameroon, and much more. The common themes throughout Global Pearls project support are:

- **Local empowerment** – following the belief that lasting development requires local ownership from the outset.
- **A focus on marginalized populations** – street children, single mothers, “untouchables”, child rape victims, and refugees are just a few examples.
- **High impact** – since donations go straight to program costs with essentially no overhead cost in the United States or abroad.

2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements are presented in accordance with the accounting and reporting standards required by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) ASC 958, *Not for Profit Entities*. FASB ASC 958 requires Global Pearls to report information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Global Pearls' management and the board of directors.

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

- *Net Assets With Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Global Pearls or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Allowance for Uncollectible Accounts

Management believes that contributions receivable are fully collectible and, accordingly, no allowance for uncollectible accounts is considered necessary.

Fair Value of Financial Instruments

For financial statement purposes, contributions receivable are considered financial instruments. Global Pearls estimates that the fair value of all financial instruments at December 31, 2023 and 2022, did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position because of their short-term nature.

Investments

Global Pearls' investments are in marketable securities with readily determinable fair values in active markets. All investments in marketable debt and equity securities are carried at their fair values in the statements of financial position. Investment income or loss, including gains and losses on investments, interest and dividends, is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Fair Value Measurements

The fair value of investment securities is the market value based on quoted market prices, or market prices provided by recognized broker-dealers. In determining the appropriate valuation levels, Global Pearls performed a detailed analysis of the assets and liabilities that are subject to FASB ASC Section 820, *Fair Value Measurements and Disclosures*. This section requires that assets and liabilities carried at fair value be classified in one of the following three categories:

- ◆ *Level 1:* Quoted market prices in active markets for identical assets and liabilities.
- ◆ *Level 2:* Observable market-based inputs or unobservable inputs that are corroborated by market data.
- ◆ *Level 3:* Unobservable inputs that are not corroborated by market data.

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Fair Value Measurements—continued

Global Pearls' investments are the only assets or liabilities that are measured at fair value on a recurring basis and are, therefore, subject to FASB ASC Section 820.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Contributed services are recognized as contributions 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 Global Pearls. Global Pearls has a substantial number of volunteers that have donated their services to Global Pearls. These donated services, which do not meet the above criteria for revenue recognition, have not been recognized as support in the financial statements.

Income Taxes

Global Pearls is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. Global Pearls has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, relating to accounting for uncertain tax positions. Global Pearls has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption. Global Pearls income tax filings for the year ended December 31, 2020, and thereafter are subject to audit by various taxing authorities.

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

2) Summary of Significant Accounting Policies — continued

Cash and Cash Equivalents

For purposes of reporting cash flows, Global Pearls considers all highly liquid investments with original maturities of three months or less to be cash equivalents, which at times may exceed federally insured limits. At December 31, 2023 and 2022, the cash bank balances totaled \$618,843 and \$465,743, all of which were covered by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation except for \$49,673 at December 31, 2023. Global Pearls has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its deposit balances.

Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities, and in the statement of functional expenses. Expenses are allocated based on specific identification.

Subsequent Events

Subsequent events were evaluated through January 16, 2024, which is the date the financial statements were available to be issued. Management believes that there are no material subsequent events that have arisen that would require accrual or disclosure.

3) **Availability and Liquidity**

The following represents Global Pearls' financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 618,843	\$ 465,743
Investments	563,400	357,523
Contributions receivable	<u>9,439</u>	<u>2,802</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,191,682</u>	<u>\$ 826,068</u>

As part of Global Pearls' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is maintained in the bank so that funds are easily accessed in times of liquidity needs.

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

4) Investments

Investments are stated at fair value and consist of equity mutual funds in the amount of \$563,400 and \$357,523, at December 31, 2023 and 2022, respectively. Global Pearls' investments at December 31, 2023 and 2022 were measured at fair value on a recurring basis using Level 1 valuation inputs.

Investment income (loss) consists of the following for the years ended December 31:

	2023	2022
Interest and dividend income	\$ 11,415	6,104
Unrealized gains (losses)	106,820	(87,304)
	\$ 118,235	(81,200)

Investment income is reported net of related investment expenses in the statements of activities for the years ended December 31, 2023 and 2022.

5) Contributions Receivable

Contributions receivable at December 31, 2023 and 2022, consist of receivables in the amount of \$9,439 and \$2,802 respectively. Contributions receivable at December 31, 2023 and 2022, represents contributions made to a third-party but designated for Global Pearls on or before year-end that were received after year-end.

6) Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows at December 31:

	2023	2022
<i>Restricted for time:</i>		
Contributions through third-party (Benevity)	\$ 1,790	\$ 920
<i>Restricted for project funding in:</i>		
Honduras - Education	50	-
Guatemala - Education of child laborers	-	321
Peru - Agricultural enterprises and school	5,020	19,770
Morocco - Amal projects and earthquake relief	377,895	97,307
Cameroon - Rape survivor empowerment	12,368	22,342
Kenya - Girls education	10,000	-
India - Health and education	6,264	14,037
Nepal - Female guide training and education	38,505	50,074
Ukraine - Agriculture and school	10,800	8,460
Total	\$ 462,692	\$ 213,231

Global Pearls, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

6) Net Assets with Donor Restrictions – continued

Net assets released from restrictions were as follows for the years ended December 31:

	2023	2022
<i>Time restriction accomplished:</i>		
Contributions through third-party (Benevity)	\$ 920	\$ 12,158
Multi-year grant (Together Women Rise)	-	15,000
<i>Restricted project funding accomplished in:</i>		
Guatemala - Education of child laborers	321	-
Peru - Agricultural enterprises and school	19,770	6,270
Morocco - Amal projects	97,307	68,768
Cameroon - Rape survivor empowerment	22,007	32,615
Ukraine - Agriculture and school	8,460	5,144
Nepal - Female guide training and education	19,550	15,000
India - Health and education	14,037	-
Total	\$ 182,372	\$ 154,955

7) **Economic Dependency**

Global Pearls receives a significant portion of its revenue in the form of contributions from the Board of Directors and management. Global Pearls expects these contributions to continue into the foreseeable future. If, however, a significant portion of these contributions are not continued, Global Pearls' ability to continue all programs would be diminished.

8) **Related Party Contributions**

Management and members of the Board of Directors made matching contributions of approximately \$463,000 and \$728,000, which represent 33% and 67% of total contributions for the years ended December 31, 2023 and 2022, respectively.