

**GLOBAL EMERGENCY RELIEF,  
RECOVERY & RECONSTRUCTION**

**Winchester, Virginia**

**FINANCIAL REPORT**

**December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Global Emergency Relief, Recovery & Reconstruction  
Winchester, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Global Emergency Relief, Recovery & Reconstruction (the Organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2020 and 2019, the related statements of revenue, expenses and change in net assets - modified cash basis for the years 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 these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the 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 Organization'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 Organization'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 financial statements.

We believe 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 Global Emergency Relief, Recovery and Reconstruction as of December 31, 2020 and 2019, and the results of its operations during the years then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Yount, Hyde & Barbour, P.C.*

Winchester, Virginia  
March 18, 2022

## GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION

### Statements of Assets, Liabilities and Net Assets

#### - Modified Cash Basis

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 315,099	\$ 414,098
Advances	390	7,712
Investments	125,488	113,865
Equipment, net	<u>19,934</u>	<u>27,075</u>
Total assets	<u>\$ 460,911</u>	<u>\$ 562,750</u>
<b>Net Assets</b>		
Without donor restrictions	\$ 215,407	\$ 27,373
With donor restrictions	<u>245,504</u>	<u>535,377</u>
Total net assets	<u>\$ 460,911</u>	<u>\$ 562,750</u>

See Notes to Financial Statements.

**GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION**

**Statement of Revenue, Expenses and Change in Net Assets -  
Modified Cash Basis**

For the Year Ended December 31, 2020

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenue:			
Contributions	\$ 1,427,238	\$ 2,876,596	\$ 4,303,834
Investment return, net	<u>9</u>	<u>11,623</u>	<u>11,632</u>
Total revenue	\$ 1,427,247	\$ 2,888,219	\$ 4,315,466
Net assets released from restrictions	<u>3,178,092</u>	<u>(3,178,092)</u>	<u>--</u>
Total revenue	\$ 4,605,339	\$ (289,873)	\$ 4,315,466
Expenses:			
Program services	\$ 4,318,625	\$ --	\$ 4,318,625
Management and general	<u>98,680</u>	<u>--</u>	<u>98,680</u>
Total expenses	\$ 4,417,305	\$ --	\$ 4,417,305
Change in net assets	\$ 188,034	\$ (289,873)	\$ (101,839)
<b>Net assets, beginning of year</b>	<u>27,373</u>	<u>535,377</u>	<u>562,750</u>
<b>Net assets, end of year</b>	<u>\$ 215,407</u>	<u>\$ 245,504</u>	<u>\$ 460,911</u>

See Notes to Financial Statements.

**GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION**

**Statement of Revenue, Expenses and Change in Net Assets -  
Modified Cash Basis**

For the Year Ended December 31, 2019

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenue:			
Contributions	\$ 4,867	\$ 768,180	\$ 773,047
Investment return, net	--	17,386	17,386
Total revenue	<u>\$ 4,867</u>	<u>\$ 785,566</u>	<u>\$ 790,433</u>
Net assets released from restrictions	<u>351,673</u>	<u>(351,673)</u>	<u>--</u>
Total revenue	<u>\$ 356,540</u>	<u>\$ 433,893</u>	<u>\$ 790,433</u>
Expenses:			
Program services	\$ 347,472	\$ --	\$ 347,472
Management and general	25,804	--	25,804
Total expenses	<u>\$ 373,276</u>	<u>\$ --</u>	<u>\$ 373,276</u>
Change in net assets	\$ (16,736)	\$ 433,893	\$ 417,157
<b>Net assets, beginning of year</b>	<u>44,109</u>	<u>101,484</u>	<u>145,593</u>
<b>Net assets, end of year</b>	<u>\$ 27,373</u>	<u>\$ 535,377</u>	<u>\$ 562,750</u>

See Notes to Financial Statements.

# GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION

## Notes to Financial Statements

### Note 1. Nature of Business and Significant Accounting Policies

#### Nature of Business

Global Emergency Relief, Recovery & Reconstruction (the Organization) was incorporated in 2015 under the laws of the Commonwealth of Virginia to assist crisis-affected persons globally to build back better following disasters through integrated relief, recovery and reconstruction services.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens taken significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

#### Basis of Presentation

The Organization's accounts are maintained on the modified cash basis of accounting. Under this basis, revenues are recognized when collected rather than when earned and expenses are recognized when paid rather than when incurred. Therefore, receivables and payables, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements. The Organization only records equipment, net of accumulated depreciation, advances, and the fair market value of investments. Accordingly, the accompanying statements are not intended to present results of operations in conformity with U.S. generally accepted accounting principles.

#### Classification of Net Assets

The Organization reports information regarding its financial position and activities according to the "net asset" concept. Net assets are segregated among two categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consists of net assets 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 the Organization's management and Board of Directors. Net assets with donor restrictions consist of net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.



## Notes to Financial Statements

### Support and Revenue Recognition

Gifts of cash and other assets for the general use and benefit of the Organization are presented as net assets without donor restrictions. Other contributions are presented as net assets with donor restrictions if they are received with donor stipulations that further limit the use of the donated assets. When a donor restriction is fulfilled, that is, when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenue, expenses and change in net assets as net assets released from restrictions.

Contributions received are recorded net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

### Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The Organization has cash deposits in financial institutions that may at times exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### Equipment

Equipment is recorded at cost. All assets over \$1,000 with an estimate useful life exceeding one year are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

### Investments

The Organization records investments at fair market value in the statement of financial position. Investment return is reflected in the statements of activities, net of any fees. Investment return, net consisted of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 2,587	\$ 3,195
Realized and unrealized gain	9,045	14,540
Investment fees	-	(349)
Investment return, net	<u>\$ 11,632</u>	<u>\$ 17,386</u>

### Income Taxes

The Organization is a non-profit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. There is no provision for income taxes in these financial statements.

## Notes to Financial Statements

### Allocation Methodology for the Schedules of Functional Expenses

The costs of providing program service and other activities are summarized on a functional basis in the schedules of functional expenses. Certain costs have been allocated among program services and management and general. Such allocations have been made by management on an equitable basis. Expenses are allocated based on direct allocation.

### Note 2. Liquidity and Availability of Resources

The Organization has the following financial assets available within one year of the statement of assets, liabilities and net assets date to meet cash needs for general expenditure.

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	\$ 315,099	\$ 414,098
Advances	390	7,712
Investments	125,488	113,865
Total financial assets	\$ 440,977	\$ 535,675
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions	\$ 245,504	\$ 535,377
Financial assets not available to be used within one year	\$ 245,504	\$ 535,377
Financial assets available to meet cash needs for general expenditures within one year	\$ 195,473	\$ 298

### Note 3. Net Assets with Donor Restrictions

Amounts included in net assets with donor restrictions as of December 31, 2020 and 2019 were as follows:

	2020	2019
Endowment, Principal Portion	\$ 100,000	\$ 100,000
Accumulated Earnings on Endowment	25,488	13,865
Emergency Response Fund	--	3,000
Hurricane Dorian Response	97,677	418,512
Hurricane Eta and Iota Response	22,339	--
	\$ 245,504	\$ 535,377

## Notes to Financial Statements

### Note 4. Net Assets Released from Restrictions

Net assets are released from donor restrictions when expenses are incurred satisfying the donors' restricted purposes or by the occurrence of other events specified by donors. Total net assets released from restrictions during the years ending December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Hurricane Dorian Response	\$ 3,158,331	\$ 346,668
Hurricane Eta and Iota Response	16,761	--
Hurricane Florence and Michael Response	--	5,005
Emergency Response Fund	<u>3,000</u>	<u>--</u>
	<u>\$ 3,178,092</u>	<u>\$ 351,673</u>

### Note 5. Endowment Funds and Related Party Transaction

In 2017, the Organization received funds to establish an endowment. The funds were received from a related party of the Organization's Chief Executive Officer.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2020 and 2019.

In the event the endowment is underwater, an analysis will be undertaken in order to make a determination on future spending distributions.

## Notes to Financial Statements

The following table summarizes the changes in endowment net assets for the years ended December 31, 2020 and 2019:

	<b><u>With Donor Restrictions</u></b>
Endowment net assets, December 31, 2018	\$ 96,479
Investment return:	
Interest and dividends	3,195
Realized and unrealized gain	14,540
Investment fees	<u>(349)</u>
Total investment return, net	<u>17,386</u>
Endowment net assets, December 31, 2019	<u>\$ 113,865</u>
Investment return:	
Interest and dividends	2,578
Realized and unrealized gain	<u>9,045</u>
Total investment return, net	<u>11,623</u>
Endowment net assets, December 31, 2020	<u>\$ 125,488</u>

### Endowment Spending Policy

The spending rate of the endowment fund shall be between 0-5% as determined annually by the Endowment Committee. The amount available for appropriation during each fiscal year shall be calculated by applying the policy spending rate to the average of the previous three fiscal year's ending-period endowment values. There were no distributions for the years ended December 31, 2020 and 2019.

## Notes to Financial Statements

### Note 6. Investments

The Organization holds the following investments at December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Cost Basis</b>	<b>Unrealized Gain</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 3,735	\$ --	\$ 3,735
Equity securities	102,197	19,556	121,753
	<u>\$ 105,932</u>	<u>\$ 19,556</u>	<u>\$ 125,488</u>
	<b>2019</b>		
	<b>Cost Basis</b>	<b>Unrealized Gain</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 2,878	\$ --	\$ 2,878
Equity securities	102,906	8,081	110,987
	<u>\$ 105,784</u>	<u>\$ 8,081</u>	<u>\$ 113,865</u>

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are briefly described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of all of the marketable securities as of December 31, 2020 and 2019 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

The carrying amounts of the Organization's financial instruments not described above arise in the ordinary course of business and approximate fair value.

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

## Notes to Financial Statements

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 presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 3,735	\$ --	\$ --
Equity securities	121,753	--	--
	\$ 125,488	\$ --	\$ --
	<b>2019</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 2,878	\$ --	\$ --
Equity securities	110,987	--	--
	\$ 113,865	\$ --	\$ --

### Note 7. Equipment

Equipment consisted of the following as of December 31, 2020 and 2019:

	<b>Depreciable Lives</b>	<b>2020</b>	<b>2019</b>
Vehicles	5 years	\$ 35,703	\$ 35,703
Less accumulated depreciation		(15,769)	(8,628)
		\$ 19,934	\$ 27,075

Depreciation expense was \$7,141 for each of the years ended December 31, 2020 and 2019.

## Notes to Financial Statements

### Note 8. Schedules of Functional Expenses

The schedules of functional expenses were as follows for the years ended December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Bank fees	\$ 15,899	\$ 16,314	\$ 32,213
Consultants	3,282,043	9,267	3,291,310
Depreciation	--	7,141	7,141
Dues and subscriptions	509	4,239	4,748
Insurance	--	11,189	11,189
License and registration fees	--	1,313	1,313
Office supplies	9,731	3,214	12,945
Professional fees	19,400	45,427	64,827
Program supplies	815,925	--	815,925
Telephone, telecommunications	2,493	--	2,493
Travel	172,625	576	173,201
	\$ 4,318,625	\$ 98,680	\$ 4,417,305
	<b>2019</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Bank fees	\$ 6,360	\$ 240	\$ 6,600
Consultants	210,454	--	210,454
Depreciation	--	7,141	7,141
Dues and subscriptions	183	3,311	3,494
Insurance	45	5,149	5,194
License and registration fees	--	722	722
Office supplies	987	--	987
Professional fees	--	9,098	9,098
Program supplies	68,461	--	68,461
Telephone, telecommunications	655	--	655
Travel	60,327	143	60,470
	\$ 347,472	\$ 25,804	\$ 373,276

## Notes to Financial Statements

### **Note 9. Upcoming Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or a part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and lease liability at the present value of remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU 2016-02 is effective for the Organization for the year ending December 31, 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

### **Note 10. Subsequent Events**

The Organization has evaluated all subsequent events through March 18, 2022, the date the financial statements were available to be issued.

The Organization has determined there are no subsequent events that require recognition or disclosure.