

**GLOBAL EMERGENCY RELIEF,
RECOVERY & RECONSTRUCTION**

Winchester, Virginia

FINANCIAL REPORT

December 31, 2021 and 2020

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50 S. Cameron St,
Winchester, VA 22601

540.662.3417

YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 for Opinion

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

Emphasis of Matter – 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.

Responsibilities of Management 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; and for 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 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 GAAS 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 GAAS, 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 the Organization's 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 the Organization's 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.

Goumt, Hyde & Barbours, P.C.

Winchester, Virginia
March 2, 2023

GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION

Statements of Assets, Liabilities and Net Assets

- Modified Cash Basis

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 513,595	\$ 315,099
Advances	7,170	390
Investments	138,909	125,488
Equipment, net	<u>12,793</u>	<u>19,934</u>
Total assets	<u>\$ 672,467</u>	<u>\$ 460,911</u>
Net Assets		
Without donor restrictions	\$ 208,778	\$ 215,407
With donor restrictions	<u>463,689</u>	<u>245,504</u>
Total net assets	<u>\$ 672,467</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 655,333	\$ 650,458	\$ 1,305,791
Investment return, net	17	13,421	13,438
Total revenue	<u>\$ 655,350</u>	<u>\$ 663,879</u>	<u>\$ 1,319,229</u>
Net assets released from restrictions	<u>445,694</u>	<u>(445,694)</u>	<u>--</u>
Total revenue	<u>\$ 1,101,044</u>	<u>\$ 218,185</u>	<u>\$ 1,319,229</u>
Expenses:			
Program services	\$ 985,552	\$ --	\$ 985,552
Management and general	<u>122,121</u>	<u>--</u>	<u>122,121</u>
Total expenses	<u>\$ 1,107,673</u>	<u>\$ --</u>	<u>\$ 1,107,673</u>
Change in net assets	\$ (6,629)	\$ 218,185	\$ 211,556
Net assets, beginning of year	<u>215,407</u>	<u>245,504</u>	<u>460,911</u>
Net assets, end of year	<u>\$ 208,778</u>	<u>\$ 463,689</u>	<u>\$ 672,467</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

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

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Support and Revenue Recognition

Contributions are recognized as revenue when they are received.

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 statements of revenue, expenses and change in net assets – modified cash basis as net assets released from restrictions.

Notes to Financial Statements

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.

Advances

Amounts included in advances represent cash advances.

Equipment

Equipment is recorded at cost. All assets over \$1,000 with an estimated 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 statements of assets, liabilities and net assets – modified cash basis. Investment return is reflected in the statements of revenue, expenses, and change in net assets – modified cash basis, net of any fees. Investment return, net consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 2,406	\$ 2,587
Realized and unrealized gain	11,494	9,045
Investment fees	(462)	--
Investment return, net	<u>\$ 13,438</u>	<u>\$ 11,632</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 were 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 – modified cash basis date to meet cash needs for general expenditure.

	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 513,595	\$ 315,099
Advances	7,170	390
Investments	138,909	125,488
Total financial assets	\$ 659,674	\$ 440,977
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions	\$ 463,689	\$ 245,504
Financial assets available to meet cash needs for general expenditures within one year	\$ 195,985	\$ 195,473

Note 3. Net Assets with Donor Restrictions

Amounts included in net assets with donor restrictions as of December 31, 2021 and 2020 were as follows:

	2021	2020
Endowment, Principal Portion	\$ 100,000	\$ 100,000
Accumulated Earnings on Endowment	38,909	25,488
Haiti Community Recovery Project	46,729	--
St. Vincent Cari-Beans	25,396	--
St. Vincent Recovery CDP	124,144	--
DLCF Housing (Hurricane Dorian)	107,376	--
Hurricane Dorian Response	--	97,677
Hurricane Eta and Iota Response	--	22,339
Emergency Response Fund	21,135	--
	\$ 463,689	\$ 245,504

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 ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Haiti Community Recovery Project	\$ 3,271	\$ --
St. Vincent Cari-Beans	3,927	--
St. Vincent Recovery CDP	125,856	--
DLCF Housing (Hurricane Dorian)	192,624	--
Hurricane Dorian Response	--	3,158,331
Hurricane Eta and Iota Response	22,339	16,761
Emergency Response Fund	<u>97,677</u>	<u>3,000</u>
	<u>\$ 445,694</u>	<u>\$ 3,178,092</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.

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, 2021 and 2020.

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, 2021 and 2020:

	With Donor Restrictions
Endowment net assets, December 31, 2019	\$ 113,865
Investment return:	
Interest and dividends	\$ 2,578
Realized and unrealized gain	9,045
Total investment return, net	\$ 11,623
Endowment net assets, December 31, 2020	\$ 125,488
Investment return:	
Interest and dividends	\$ 2,389
Realized and unrealized gain	11,494
Investment fees	(462)
Total investment return, net	\$ 13,421
Endowment net assets, December 31, 2021	\$ 138,909

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, 2021 and 2020.

Note 6. Investments

The Organization holds the following investments as of December 31, 2021 and 2020:

	2021		
	Cost Basis	Unrealized Gain (Loss)	Fair Value
Cash and cash equivalents	\$ 6,209	\$ - -	\$ 6,209
Equity securities	90,245	4,644	94,889
Fixed income	38,577	(766)	37,811
	\$ 135,031	\$ 3,878	\$ 138,909

Notes to Financial Statements

	2020		
	Cost Basis	Unrealized Gain	Fair Value
Cash and cash equivalents	\$ 3,735	\$ - -	\$ 3,735
Equity securities	102,197	19,556	121,753
	\$ 105,932	\$ 19,556	\$ 125,488

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, 2021 and 2020 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 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.

Notes to Financial Statements

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	2021		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 6,209	\$ --	\$ --
Equity securities	94,889	--	--
Fixed income	37,811	--	--
	\$ 138,909	\$ --	\$ --
	2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 3,735	\$ --	\$ --
Equity securities	121,753	--	--
	\$ 125,488	\$ --	\$ --

Note 7. Equipment

Equipment consisted of the following as of December 31, 2021 and 2020:

	Depreciable Lives	2021	2020
Vehicles	5 years	\$ 35,703	\$ 35,703
Less accumulated depreciation		(22,910)	(15,769)
		\$ 12,793	\$ 19,934

Depreciation expense was \$7,141 for each of the years ended December 31, 2021 and 2020.

Notes to Financial Statements

Note 8. Schedules of Functional Expenses

The schedules of functional expenses were as follows for the years ended December 31, 2021 and 2020:

	2021		
	Program Services	Management and General	Total
Bank fees	\$ 12,737	\$ 3,565	\$ 16,302
Consultants	669,044	41,008	710,052
Depreciation	-	7,141	7,141
Dues and subscriptions	108	4,660	4,768
Occupancy	-	781	781
Insurance	2,000	11,367	13,367
License and registration fees	-	1,705	1,705
Office expenses	1,342	514	1,856
Professional fees	1,389	48,425	49,814
Supplies	208,684	1,462	210,146
Telephone, telecommunications	1,626	290	1,916
Travel	88,622	1,203	89,825
	\$ 985,552	\$ 122,121	\$ 1,107,673
	2020		
	Program Services	Management and General	Total
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 expenses	9,731	3,214	12,945
Professional fees	19,400	45,427	64,827
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

Notes to Financial Statements

Note 9. Office Space Lease

The Organization entered into an agreement for office space during 2021. The lease commenced on November 1, 2021 and expires on December 31, 2022. Monthly lease payments are \$234. There is no option to renew the agreement after the initial lease term expires.

Note 10. Subsequent Events

The Organization has evaluated all subsequent events through March 2, 2023, the date the financial statements were available to be issued.

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