GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION

Winchester, Virginia

FINANCIAL REPORT

December 31, 2017

C O N T E N T S

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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 statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2017, the related statement of revenue, expenses and change in net assets - modified cash basis 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 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 audit. We conducted our audit 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 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 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 assets, liabilities and net assets of the Global Emergency Relief, Recovery & Reconstruction as of December 31, 2017, and its revenue, expenses and change in net assets for the year 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 11, 2019

GLOBAL EMERGENCY RELIEF, RECOVERY & RECONSTRUCTION

Statement of Assets, Liabilities and Net Assets
- Modified Cash Basis
December 31, 2017

Assets,	
Cash and cash equivalents	$ 273,194
Total assets	$ 273,194
Liabilities,	
Long-term debt	$ 7,237
Total liabilities	$ 7,237
Net Assets	
Unrestricted	$ 90,347
Temporarily restricted	75,610
Permanently restricted	100,000
Total net assets	$ 265,957
Total liabilities and net assets	$ 273,194

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Contributions	$ 102,683	$ 150,000	$ 100,000	$ 352,683
Grants	- -	350,000	- -	350,000
Total revenue	$ 102,683	$ 500,000	$ 100,000	$ 702,683
Net assets released from restrictions	424,390	(424,390)	- -	- -
Total revenue	$ 527,073	$ 75,610	$ 100,000	$ 702,683
Expenses:				
Program services	$ 435,944	$ - -	$ - -	$ 435,944
Management and general	782	- -	- -	782
Total expenses	$ 436,726	$ - -	$ - -	$ 436,726
Change in net assets	$ 90,347	$ 75,610	$ 100,000	$ 265,957
Net assets, beginning of year	- -	- -	- -	- -
Net assets, end of year	$ 90,347	$ 75,610	$ 100,000	$ 265,957

See 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 long-term debt. Accordingly, the accompanying statements are not intended to present results of operations in conformity with U.S. generally accepted accounting principles.

Financial Statement Presentation

The financial statements report amounts separately by classification of net assets as follows:

Unrestricted net assets are currently available at the discretion of the Organization's Board of Directors for use in the Organization's operations.

Temporarily restricted net assets resulting from support and revenue which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those donor-imposed stipulations.

Permanently restricted net assets result from support and revenue which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Support and Revenue Recognition

Gifts of cash and other assets for the general use and benefit of the Organization are presented as unrestricted support. Other contributions are presented as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses and change in net assets as net assets released from restrictions.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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.

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.

New Accounting Pronouncements

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 statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or 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 the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for the year ending December 31, 2020. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as an exchange transaction, other accounting guidance, for example, in Topic 606, Revenue from Contracts with Customers, should be followed. If, however, a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by the Organization for the fiscal year ending December 31, 2019. ASU 2018-08 is effective for contributions made, if applicable, by the Organization for the fiscal year ending December 31, 2020. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 958 will have on its financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five step process which include identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for the Organization for the year ending December 31, 2019. The Organization is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two classes of net assets, which are based on the existence or absence of donor-implied restrictions. ASU 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU 2016-14 is effective for the Organization for the year ending December 31, 2018. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2017 were $75,610 and were restricted for the Haiti Tree Recovery Project.

Note 3. Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors were $424,390 and related to the Haiti Tree Recovery Project.

Note 4. 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund not classified as permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization.

The following table summarizes endowment net assets as of December 31, 2017:

	Permanently Restricted
Donor-restricted endowment fund	$ 100,000

The following table summarizes the changes in endowment net assets for the year ended December 31, 2017:

	Permanently Restricted
Endowment net assets, December 31, 2016	$ - -
Contributions	100,000
Endowment net assets, December 31, 2017	$ 100,000

Note 5. Related Party and Long-Term Debt

The Organization's long-term debt consists of a loan from Global Emergency Group (GEG). The Chief Executive Officer of the Organization is involved in the management and is a majority owner of GEG.

Note 6. Subsequent Events

The Organization has evaluated all subsequent events through March 11, 2019, the date the financial statements were available to be issued. The Organization has determined there are no subsequent events that require recognition or disclosure.