

# GeoHazards International

**Financial Statements with Report of Independent Auditors  
December 31, 2019 and 2018**

Report of Independent Auditors

To the Board of Trustees of  
GeoHazards International:

*Report on the Financial Statements*

We have audited the accompanying financial statements of GeoHazards International, which comprise the statements of financial position as of December 31, 2019 and the related statements 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 these 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 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 auditors consider 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 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 GeoHazards International as of December 31, 2019 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.

*Prior Period Financial Statements*

The financial statements of GeoHazards International as of December 31, 2018, were audited by other auditors whose report dated November 15, 2019, expressed an unmodified opinion on those statements.

*Changes in Accounting Principle*

As discussed in Note 2 to the financial statements, GeoHazards International adopted a change in accounting principle related to revenue recognition. Our opinion is not modified with respect to those matters.

*Novogradac & Company LLP*

Walnut Creek, California

April 30, 2021

**GEOHAZARDS INTERNATIONAL**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,844	\$ 89,022
Donations receivable	5,825	17,121
Grants receivable	233,433	34,797
Investments at fair value	841,306	909,282
Other assets	<u>3,265</u>	<u>8,082</u>
Total assets	<u>\$ 1,109,673</u>	<u>\$ 1,058,304</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 87,606	\$ 30,969
Accrued expenses	39,352	32,673
Contract advances	<u>16,408</u>	<u>3,913</u>
Total liabilities	143,366	67,555
<b>NET ASSETS</b>		
Without donor restrictions	684,132	920,937
With donor restrictions	<u>282,175</u>	<u>69,812</u>
Total net assets	<u>966,307</u>	<u>990,749</u>
Total liabilities and net assets	<u>\$ 1,109,673</u>	<u>\$ 1,058,304</u>

see accompanying notes

**GEOHAZARDS INTERNATIONAL**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Grants:			
Federal	\$ 164,728	\$ -	\$ 164,728
Corporations and foundations	217,536	350,000	567,536
Contributions	215,463	20,000	235,463
Net Investment income (loss)	185,951	-	185,951
Other income	153	-	153
Net assets released from restrictions	157,637	(157,637)	-
Total support and revenue	941,468	212,363	1,153,831
 Operating expenses:			
Program services	626,498	-	626,498
Supporting services:			
Management and general	428,470	-	428,470
Fundraising	123,305	-	123,305
Total Operating expenses	1,178,273	-	1,178,273
 CHANGE IN NET ASSETS	(236,805)	212,363	(24,442)
 NET ASSETS AT BEGINNING OF YEAR	920,937	69,812	990,749
 NET ASSETS AT END OF YEAR	\$ 684,132	\$ 282,175	\$ 966,307

see accompanying notes

**GEOHAZARDS INTERNATIONAL**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Grants:			
Federal	\$ 88,339	\$ -	\$ 88,339
Corporations and foundations	384,109	46,012	430,121
Contributions	362,143	-	362,143
Net Investment income (loss)	(51,325)	-	(51,325)
Other income	3,787	-	3,787
Net assets released from restrictions	93,364	(93,364)	-
Total support and revenue	880,417	(47,352)	833,065
Operating expenses:			
Program services	692,414	-	692,414
Supporting services:			
Management and general	294,812	-	294,812
Fundraising	79,138	-	79,138
Total Operating expenses	1,066,364	-	1,066,364
CHANGE IN NET ASSETS	(185,947)	(47,352)	(233,299)
NET ASSETS AT BEGINNING OF YEAR	1,106,884	117,164	1,224,048
NET ASSETS AT END OF YEAR	\$ 920,937	\$ 69,812	\$ 990,749

see accompanying notes

**GEOHAZARDS INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 276,203	\$ 251,336	\$ 89,394	\$ 616,933
Employee benefits and payroll taxes	55,892	50,860	18,089	124,841
Total personnel expenses	332,095	302,196	107,483	741,774
Consulting and professional fees	203,915	48,931	3,195	256,041
Computer, software, and equipment	-	3,538	-	3,538
Conferences and meetings	11,103	4,092	6	15,201
Insurance	-	7,266	-	7,266
Interest	-	35	-	35
Occupancy	30,009	23,327	8,297	61,633
Other	16,700	5,801	828	23,329
Postage and shipping	-	209	1,267	1,476
Printing and reproduction	147	192	1,379	1,718
Repairs and maintenance	101	214	-	315
Supplies	1,772	4,377	-	6,149
Telephone and internet	3,236	3,312	-	6,548
Travel and per diem	27,420	24,980	850	53,250
Total expenditures	<u>\$ 626,498</u>	<u>\$ 428,470</u>	<u>\$ 123,305</u>	<u>\$ 1,178,273</u>

see accompanying notes

**GEOHAZARDS INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 298,266	\$ 156,501	\$ 55,700	\$ 510,467
Employee benefits and payroll taxes	56,745	29,774	10,597	97,116
Total personnel expenses	355,011	186,275	66,297	607,583
Consulting and professional fees	191,672	38,380	1,850	231,902
Computer, software, and equipment	1,698	817	1,509	4,024
Conferences and meetings	18,484	5,565	-	24,049
Insurance	-	7,180	-	7,180
Interest	-	159	-	159
Occupancy	33,643	16,879	6,007	56,529
Other	5,617	4,710	-	10,327
Postage and shipping	72	333	285	690
Printing and reproduction	459	15	1,418	1,892
Repairs and maintenance	5	945	-	950
Recruiting	-	14,493	-	14,493
Supplies	24,776	1,249	436	26,461
Telephone and internet	5,545	1,308	875	7,728
Travel and per diem	55,432	16,504	461	72,397
Total expenditures	\$ 692,414	\$ 294,812	\$ 79,138	\$ 1,066,364

see accompanying notes



**GEOHAZARDS INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,442)	\$ (233,299)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gains on investments	(95,639)	(19,209)
(Appreciation) depreciation on investments	(71,799)	122,409
Stock donation	-	(993)
(Increase) decrease in operating assets:		
Donations receivable	11,296	95,229
Grants receivable	(198,636)	41,382
Other assets	4,817	3,581
Increase (decrease) in operating liabilities:		
Accounts payable	56,637	(11,295)
Accrued expenses	6,679	259
Contract advances	12,495	(3,379)
Net cash used in operating activities	<u>(298,592)</u>	<u>(5,315)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of securities	260,000	80,000
Purchase of investments	(7,177)	(10,556)
Dividends reinvested	<u>(17,409)</u>	<u>(51,994)</u>
Net cash provided by investing activities	235,414	17,450
Net change in cash and cash equivalents	(63,178)	12,135
Cash and cash equivalents at beginning of year	<u>89,022</u>	<u>76,887</u>
Cash and cash equivalents at end of year	<u>\$ 25,844</u>	<u>\$ 89,022</u>
<b>Supplemental disclosure of cash flow information:</b>		
Donated securities	<u>\$ 13,702</u>	<u>\$ 22,314</u>
Interest paid	<u>\$ 35</u>	<u>\$ 64</u>

see accompanying notes

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

1. Organization

GeoHazards International (the “Organization”) was established in 1991 as a non-profit organization to improve the safety of communities at risk from geological hazards. Current Organization initiatives include projects in India, Nepal, Bhutan, Haiti and the Dominican Republic. Other programs include public education and outreach to raise awareness of earthquake risk.

2. Summary of significant accounting policies

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*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 the Organization’s management and the board of trustees.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by 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.

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.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

2. Summary of significant accounting policies (continued)

Contributions and pledges receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

*Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

*Level 3:* Unobservable inputs that reflect the Organization's own assumptions.

The following tables present the Organization's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2019 and 2018:

	December 31, 2019			Fair Value Measurements
	Level 1	Level 2	Level 3	
Assets				
Equity	\$ -	\$ -	\$ -	\$ -
Mutual funds	841,306	-	-	841,306
Total assets	<u>\$ 841,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841,306</u>

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

Assets	December 31, 2018			Fair Value Measurements
	Level 1	Level 2	Level 3	
Equity	\$ 993	\$ -	\$ -	\$ 993
Mutual funds	908,289	-	-	908,289
Total assets	\$ 909,282	\$ -	\$ -	\$ 909,282

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the investment policy adopted by the Organization's board of trustees. The guidelines provide for investment in equities and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Organization for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Income taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d). Accordingly, no provision for income taxes has been included in these financial statements.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

2. Summary of significant accounting policies (continued)

Revenue recognition

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 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.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Concentration of revenue

As of December 31, 2019, 100% of grants receivable was from three funding sources. For the year ended December 31, 2019, 100% of federal grant revenue was from one funding source, and approximately 66% of corporation and foundation grant revenue was from two funding sources. As of December 31, 2018, approximately 68% of donations receivable were from four donors, and 100% of grants receivable were from three funding sources. For the year ended December 31, 2018, approximately 27% of grant revenue was from one funding source.

Grant expense

Grants are recognized when all significant conditions are met, all due diligence has been completed and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the Organization receives or is notified of the refund.

Functional expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Expenses that apply to more than one functional category have been allocated between program, management and general, and fundraising, based on the time spent on these functions by specific employees. Other costs are charged directly to the appropriate functional category.

Change in accounting principle

On January 1, 2019, the Organization adopted new accounting standards that affect the accounting for revenue. Adopting this standard did not have a significant impact on the financial statements.

Subsequent events

Subsequent events have been evaluated through April 30, 2021, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

3. Liquidity and availability of financial assets

As of December 31, 2019, the Organization has \$1,106,408 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash and cash equivalents of \$25,844, donations receivable of \$5,825, grants receivable of \$233,433, and investments of \$841,306. As of December 31, 2018, the Organization had \$1,050,222 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash and cash equivalents of \$89,022, donations receivable of \$17,121, grants receivable of \$34,797, and investments of \$909,282. None of the financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The donations and grants receivable are expected to be collected within one year. The Organization's goal is generally to maintain financial assets to meet nine to twelve months of normal operating expenses. On average, monthly operating expenses are approximately \$90,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

4. Investments

Investments are stated at fair value and are comprised of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equity	\$ -	\$ 993
Mutual funds	<u>841,306</u>	<u>908,289</u>
Total investments	<u>\$ 841,306</u>	<u>\$ 909,282</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 18,513	\$ 21,813
Realized and unrealized gains (losses)	<u>167,438</u>	<u>(73,138)</u>
Total investment income (loss)	<u>\$ 185,951</u>	<u>\$ 51,325</u>

5. Donations receivable

Donations receivable are composed of the following amounts at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Due in less than a year	\$ 5,825	\$ 17,121
Due in one to five years	<u>-</u>	<u>-</u>
Total donations receivable	5,825	17,121
Less discount to reflect donations receivable at present value	<u>-</u>	<u>-</u>
Donations receivable - net	<u>\$ 5,825</u>	<u>\$ 17,121</u>

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

6. Lease commitments

The Organization leases office space from a board member of the Organization under a lease agreement that commenced on July 1, 2016 and is maintained on a month-to-month basis. For the years ended December 31, 2019 and 2018, rental expense was \$57,258 and \$55,056, respectively.

7. Employee retirement plan

The Organization established a 403(b) savings and retirement plan for its employees. Under the universal availability requirement all employees who work at least 20 or more hours per week are eligible to join the plan. The Organization makes non-elective contributions equal to 6% of each employee's eligible earnings. For the years ended December 31, 2019 and 2018, the Organization contributed \$36,687 and \$26,317, respectively, to the plan.

8. Net assets

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Total net assets without donor restrictions	\$ <u>684,132</u>	\$ <u>920,937</u>

Net assets with donor restrictions

Net assets with donor restrictions consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Time restricted:		
Foundations and corporations	\$ -	\$ -
Purpose restricted:		
AIR/Verisk Thimphu Buildings, Bhutan – Phase 1	41,963	-
Safety measures from landsliding in Kerala, India	2,123	46,012
Thornton Tomasetti inventory school building	23,800	23,800
Earthquake School Desk program, disaster safety programs in Bhutan, and programs in Haiti	200,000	-
Timoun an Aksyon! (Kids in Action) program	<u>14,289</u>	<u>-</u>
Total net assets without donor restrictions	<u>\$ 282,175</u>	<u>\$ 69,812</u>

**GEOHAZARDS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
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8. Net assets (continued)

Net assets released from restrictions

Net assets released from restrictions by satisfying the restricted purposes consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Time restricted:		
Foundations and corporations	\$ -	\$ 25,000
Purpose restricted:		
AIR/Verisk Thimphu Buildings, Bhutan – Phase 1	8,037	68,364
Safety measures from landsliding in Kerala, India	43,889	-
Thornton Tomasetti inventory school building	-	-
Earthquake School Desk program, disaster safety programs in Bhutan, and programs in Haiti	100,000	-
Timoun an Aksyon! (Kids in Action) program	5,711	-
Total net assets without donor restrictions	<u>\$ 157,637</u>	<u>\$ 93,364</u>

9. Contingencies

The severity of the impact of a novel strain of coronavirus (“COVID-19”) on the Organization’s operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Organization’s employees, all of which are uncertain and cannot be predicted. The Organization’s future results could be adversely impacted by delays in collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.