

Financial Statements
with Independent Auditors' Report

GEOHAZARDS INTERNATIONAL

For the Years Ended
December 31, 2018 and 2017

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GEOHAZARDS INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GeoHazards International
Menlo Park, CA

We have audited the accompanying financial statements of GeoHazards International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 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 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.

INDEPENDENT AUDITORS' REPORT - Continued

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, 2018 and 2017, 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.

S D Mayer & Associates, LLP

S D Mayer & Associates, LLP

San Francisco, CA
November 15, 2019

GEOHAZARDS INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
as of December 31, 2018 and 2017

	2018	2017
ASSETS		
Assets:		
Cash and cash equivalents	\$ 89,022	\$ 76,887
Donations receivable	17,121	112,350
Grants receivable	34,797	76,179
Investments at fair value	909,282	1,028,939
Other assets	8,082	11,663
Total Assets	\$ 1,058,304	\$ 1,306,018
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 30,969	\$ 42,264
Accrued expenses	32,673	32,414
Contract advances	3,913	7,292
Total Liabilities	67,555	81,970
Net Assets:		
Net assets without donor restrictions	920,937	1,106,884
Net assets with donor restrictions	69,812	117,164
Total Net Assets	990,749	1,224,048
Total Liabilities and Net Assets	\$ 1,058,304	\$ 1,306,018

The accompanying notes are an integral part of these financial statements

GEOHAZARDS INTERNATIONAL
STATEMENTS OF ACTIVITIES
for the years ended December 31, 2018 and 2017

	2018			2017		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue:						
Grants:						
Federal	\$ 88,339	\$ -	\$ 88,339	\$ 151,525	\$ -	\$ 151,525
Corporations and foundations	384,109	46,012	430,121	416,982	-	416,982
Contributions	362,143	-	362,143	274,909	-	274,909
Net investment income (loss)	(51,325)	-	(51,325)	158,011	-	158,011
Other income	3,787	-	3,787	2,733	-	2,733
Net assets released from restrictions	93,364	(93,364)	-	265,784	(265,784)	-
Total Support and Revenue	<u>880,417</u>	<u>(47,352)</u>	<u>833,065</u>	<u>1,269,944</u>	<u>(265,784)</u>	<u>1,004,160</u>
Operating Expenses:						
Program services	692,414	-	692,414	726,248	-	726,248
Supporting services:						
Management and general	294,812	-	294,812	312,077	-	312,077
Fundraising	79,138	-	79,138	82,897	-	82,897
Total Operating Expenses	<u>1,066,364</u>	<u>-</u>	<u>1,066,364</u>	<u>1,121,222</u>	<u>-</u>	<u>1,121,222</u>
Changes in Net Assets	(185,947)	(47,352)	(233,299)	148,722	(265,784)	(117,062)
NET ASSETS:						
Beginning of year	<u>1,106,884</u>	<u>117,164</u>	<u>1,224,048</u>	<u>958,162</u>	<u>382,948</u>	<u>1,341,110</u>
End of year	<u>\$ 920,937</u>	<u>\$ 69,812</u>	<u>\$ 990,749</u>	<u>\$ 1,106,884</u>	<u>\$ 117,164</u>	<u>\$ 1,224,048</u>

The accompanying notes are an integral part of these financial statements

GEOHAZARDS INTERNATIONAL
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATIONS:		
Changes in Net Assets	\$ (233,299)	\$ (117,062)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Realized gains on investments	(19,209)	(11,365)
Depreciation (appreciation) on investments	122,409	(103,371)
Stock donation	(993)	-
(Increase)/decrease in operating assets:		
Donations receivable	95,229	262,174
Grants receivable	41,382	63,564
Other assets	3,581	(2,693)
Increase/(decrease) in operating liabilities:		
Accounts payable	(11,295)	(3,208)
Accrued expenses	259	4,699
Contract advances	(3,379)	7,292
Net cash provided by (used) in operating activities	(5,315)	100,030
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of securities	80,000	40,000
Purchase of investments	(10,556)	(52,830)
Dividends reinvested	(51,994)	(43,275)
Total cash provided by (used in) investing activities	17,450	(56,105)
Net increase in cash and cash equivalents	12,135	43,925
CASH AND EQUIVALENTS:		
Beginning of year	76,887	32,962
End of year	\$ 89,022	\$ 76,887
Supplemental disclosure of cash flow information:		
Donated securities	\$ 22,314	\$ 19,053
Interest paid	\$ 64	\$ 43

The accompanying notes are an integral part of these financial statements

GEOHAZARDS INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses:				
Salaries and wages	\$ 298,266	\$ 156,501	\$ 55,700	\$ 510,467
Employee benefits and payroll taxes	<u>56,745</u>	<u>29,774</u>	<u>10,597</u>	<u>97,116</u>
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	<u>55,432</u>	<u>16,504</u>	<u>461</u>	<u>72,397</u>
Total Expenses	<u>\$ 692,414</u>	<u>\$ 294,812</u>	<u>\$ 79,138</u>	<u>\$ 1,066,364</u>

The accompanying notes are an integral part of these financial statements

GEOHAZARDS INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses:				
Salaries and wages	\$ 239,774	\$ 158,599	\$ 55,493	\$ 453,866
Employee benefits and payroll taxes	<u>38,952</u>	<u>25,765</u>	<u>9,015</u>	<u>73,732</u>
Total Personnel Expenses	278,726	184,364	64,508	527,598
Consulting and professional fees	249,020	34,791	1,577	285,388
Computer, software, and equipment	4,622	1,731	606	6,959
Conferences and meetings	26,470	2,423	67	28,960
Insurance	-	6,979	-	6,979
Interest	-	43	-	43
Occupancy	29,510	18,499	6,473	54,482
Other	8,771	6,249	4,737	19,757
Postage and shipping	346	68	1,628	2,042
Printing and reproduction	1,713	372	2,038	4,123
Recruiting	-	47,550	-	47,550
Taxes, licenses and other fees	-	100	-	100
Supplies	5,701	1,848	647	8,196
Telephone and internet	6,083	1,682	588	8,353
Travel and per diem	<u>115,286</u>	<u>5,378</u>	<u>28</u>	<u>120,692</u>
Total Expenses	<u>\$ 726,248</u>	<u>\$ 312,077</u>	<u>\$ 82,897</u>	<u>\$ 1,121,222</u>

The accompanying notes are an integral part of these financial statements

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

1. **GHI and Summary of Significant Accounting Policies:**

GHI

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

Basis of Accounting

The financial statements of GHI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of GHI and changes therein are classified and reported as follows

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions but may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. These include net assets that are subject to time or purpose restrictions and donor restricted endowments. Net assets with time or purpose restrictions are satisfied either by the passage of time or by actions of GHI.

Description of program and supporting services

The following program and supporting services are included in the accompanying financial statements:

Federal Grants

GHI recognizes revenue when it incurs expenses in accordance with the related grant award. The federal government reimburses GHI for its costs plus an approved allowance to cover its indirect costs. Expenses incurred in excess of billings are recorded as federal grants receivable.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

1. GHI and Summary of Significant Accounting Policies: (continued)

Grants, Contributions, and Revenue Recognition

GHI recognizes revenue at fair value when a donor/grantor makes an unconditional promise to give. GHI records these contributions as contributions with donor restrictions or contributions without donor restrictions, depending upon the existence and nature of any donor-imposed restrictions. Amounts received that are designated for future periods or designated for specific purposes are reported as support with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions that are expended in the year of receipt are reflected as net assets without donor restrictions.

GHI does not anticipate any significant uncollectible grants or contributions for services rendered or expenses incurred.

General and Administrative Expenses

General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GHI.

Fund Raising

Fundraising expenses include the necessary costs to encourage and secure financial support from the government, individuals, foundations and corporations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include the functional allocation of expenses, allocation of indirect costs and fair valuation of investments. Accordingly, actual results could differ from those estimates.

Indirect Costs

Certain contracts awarded by federal and other agencies generally allow a charge for indirect costs, based on certain criteria which may vary by contract, (IDC rate). The applicable IDC rate is determined on an annual provisional basis and subject to later adjustment as a result of audit and/or review by the granting agency.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

1. GHI and Summary of Significant Accounting Policies: (continued)

Property and Equipment and Depreciation

All acquisitions of property and equipment in excess of \$2,000 and expenditures for repairs, maintenance renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is recorded at cost or, if donated, the approximate fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, primarily five years for furniture and equipment.

Cash and Cash Equivalents

Cash and cash equivalents consist of a checking account and savings account. For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments with a purchased maturity of three months or less.

Compensated Absences

GHI accrues a liability for earned vacations to which employees are entitled depending on their length of service and other factors. The accompanying financial statements include accrued vacation benefits of \$31,519 and \$26,807 for the years ended December 31, 2018 and 2017, respectively.

Foreign Currency Transactions

Receipts and disbursements in foreign currencies are converted into U.S. dollars at the exchange rates approximating those at the transaction dates. Foreign currency exchange gains and (losses) were immaterial for the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

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.

Fair Value of Financial Instruments

The carrying value of certain financial instruments, including cash and cash equivalents, grants receivable, investments, other assets, accounts payable and accrued expenses approximate fair value due to their short-term nature. The carrying value of loans payable approximate fair value, as the interest rates approximate market rates.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

1. GHI and Summary of Significant Accounting Policies: (continued)

The fair value of GHI's financial instruments reflects the amounts that GHI expects to receive in connection with the sale of an asset or pay in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). Generally Accepted Accounting Principles also established a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1 – quoted prices in active markets for identical assets and liabilities.

Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 – unobservable inputs that are supported by little or no market activity.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("Accounting Standards Update ("ASU") 2014-09"). This comprehensive new revenue recognition standard will supersede nearly all existing revenue recognition guidance under GAAP. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for the year ending December 31, 2019. GHI does not expect this ASU will have a significant impact on its financial condition and results of operations.

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. This ASU is effective for the year ending December 31, 2020. GHI is currently evaluating the effect of this ASU on its financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU requires significant changes to the financial reporting model of organizations that follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by GHI, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

1. GHI and Summary of Significant Accounting Policies: (continued)

Recent Accounting Pronouncements (continued)

The new standard is effective for GHI's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. GHI adopted the ASU effective January 1, 2018. Adoption of the ASU resulted in reclassifications to the classes of net assets with no effect on the net changes in net assets or total net assets as presented in the accompanying financial statements.

In June 2018, the FASB issued ASU No. 2018-08 "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*" The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. Further, the ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for the year ending December 31, 2019. GHI is currently evaluating the effect of this ASU on its financial statements.

In August 2016, the ASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. This ASU is effective for the year ending December 31, 2019. GHI is currently evaluating the effect of this ASU on its financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective for the year ending December 31, 2019. GHI is currently evaluating the effect of this ASU on its financial statements.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

2. Liquidity and Capital Resources:

GHI has \$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. GHI has a goal to maintain financial assets on hand to meet around nine to twelve months of normal operating expenses. On average, monthly operating expenses are approximately \$90,000 a month. GHI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

3. Concentrations:

GHI maintains its cash balances at various banks in the United States as of December 31, 2018 and 2017. During 2013, GHI opened a foreign bank account in Haiti. The balance was \$99 and \$80 as of December 31, 2018 and 2017, respectively.

The Federal Deposit Insurance Corporation (FDIC) insures account balances at US banks up to \$250,000. GHI had uninsured bank balances in US financial institutions of \$12,995 and \$23,716, At December 31, 2018 and 2017, respectively.

68% of GHI's donations receivable were from four donors in 2018. 100% of GHI's grants receivable were from three funding sources and 27% of grant revenue was from one funding sources in 2018. 89% of GHI's donations receivable was from one donor and 50% of grant revenue was from three funding sources in 2017.

4. Donations and Grants Receivable:

Donations receivable include mainly non-federal contributions. Donations receivable are composed of the following amounts at December 31, 2018 and 2017:

	2018	2017
Donations receivable in less than one year	\$ 17,121	\$ 112,350
Donations receivable in one to five years	-	-
Total donations receivable	17,121	112,350
Less discount for present value	-	-
Donations receivable – net	\$ 17,121	\$ 112,350

Grants receivable are mainly from government or federal sources. Donations and grants receivable are deemed to be fully collectible by management.

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

5. Property and Equipment:

Property and equipment is summarized as follows at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture	\$ 5,176	\$ 5,176
Office equipment	9,748	9,748
Computer equipment	24,813	24,813
Less: accumulated depreciation	<u>(39,737)</u>	<u>(39,737)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

6. Fair Value of Financial Instruments:

The following table sets forth GHI's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2018 and 2017:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2018</u>
Equity	\$ 993	-	-	\$ 993
Mutual Funds	908,289	-	-	908,289
Total	<u>\$ 909,282</u>	<u>-</u>	<u>-</u>	<u>\$ 909,282</u>

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2017</u>
Equity	\$ -	-	-	\$ -
Mutual Funds	1,028,939	-	-	1,028,939
Total	<u>\$ 1,028,939</u>	<u>-</u>	<u>-</u>	<u>\$ 1,028,939</u>

7. Investments:

Investments are stated at fair value and at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity	\$ 993	\$ 993	\$ -	\$ -
Mutual Funds	778,043	908,289	776,283	1,028,939
Total	<u>\$ 779,036</u>	<u>\$ 909,282</u>	<u>\$ 776,283</u>	<u>\$ 1,028,939</u>

Net Investment income (loss) consisted of for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 21,813	\$ 43,275
Realized and unrealized gains (losses)	<u>(73,138)</u>	<u>114,736</u>
Total	<u>\$ (51,325)</u>	<u>\$ 158,011</u>

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

8. Net Assets With Donor Restrictions:

Contributions that are restricted by a grantor agency or a donor are reported as increases in net assets without donor restrictions if the restriction expires, or the conditions are met in the reporting period in which the support is recognized. All other donor-restricted support is reported as increases in net assets with donor restrictions in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. As of December 31, 2018 and 2017, net assets with donor restrictions consisted of:

	2018	2017
Time restricted:		
Foundations and Corporations	\$ -	\$ 25,000
Purpose restricted:		
Producing earthquake test for schools in Bhutan	-	68,364
Safety Measures from Landsliding in Kerala, India	46,012	-
Thornton Tomasetti inventory school building	23,800	23,800
Total	\$ 69,812	\$ 117,164

9. Net Assets Released from Restrictions:

Net assets released from restrictions during the year by incurring expenses satisfying the restricted purposes as of December 31, 2018 and 2017, were as follows:

	2018	2017
Time restricted:		
Foundations and Corporations	\$ 25,000	\$ 132,100
Purpose restricted:		
UCB Internship	-	18,286
Producing earthquake test for schools in Bhutan	68,364	81,635
Reducing risk, raising awareness and limit losses in Aizawl, India	-	32,563
Inventory school building	-	1,200
Total	\$ 93,364	\$ 265,784

GEOHAZARDS INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

10. Employee Benefits:

GHI has established a 403(b) savings and retirement plan for its employees. GHI matches employee contributions to the plan, up to a maximum of 3% of each employee's earnings. Effective March 1, 2018, GHI increased its contributions to the plan to 6% on all wages. Also, under the universal availability requirement all employees who work at least 20 or more hours are eligible to join the plan. For the years ended December 31, 2018 and 2017, GHI contributed approximately \$26,317 and \$11,862 to the plan, respectively.

11. Commitments and Related Party:

In February 2013, GHI rented office space on a month to month basis in Menlo Park from a board member of GHI. Monthly rent was increased from \$4,498 to \$4,678 effective July 1, 2018. Total rent for the Menlo Park office in 2018 and 2017 amounted to \$55,056 and \$52,938, respectively.

12. Tax Exempt Status:

GHI, a not-for-profit organization, is exempt from federal income tax under Section 501(c)(3) of the U.S Internal Revenue Code (the Code), and contributions to it are tax deductible as prescribed by the Code. GHI is also exempt from California income tax under Section 23701d of Revenue and Taxation Code. Accordingly, no provision for income taxes has been included in these financial statements.

GHI assesses its accounting for uncertainties in income taxes recognized in its financial statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. There was no material impact on GHI's financial statements as a result of the adoption of this policy.

GHI is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2015.

13. Subsequent Events:

GHI has evaluated all subsequent events through November 15, 2019, the date of this report, and determined there are no material recognized or unrecognized subsequent events.