BUILD CHANGE

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Build Change
Denver, Colorado

We have audited the accompanying consolidated financial statements of Build Change (the Organization), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Build Change

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Build Change as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the consolidated financial statements, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
May 30, 2019

BUILD CHANGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	$ 1,625,182	$ 861,773
Accounts Receivable	202,609	846,921
Grants Receivable - Short-Term	520,545	819,155
Prepaid Expenses	69,557	57,157
Other Assets	9,750	-
Total Current Assets	2,427,643	2,585,006
PROPERTY AND EQUIPMENT		
Equipment and Furniture	399,771	399,771
Less: Accumulated Depreciation	(399,296)	(398,714)
Total Property and Equipment	475	1,057
OTHER LONG-TERM ASSETS		
Grants Receivable - Long-Term	623,925	226,898
Deposits	18,522	19,847
Total Other Long-Term Assets	642,447	246,745
Total Long-Term Assets	642,922	247,802
Total Assets	$ 3,070,565	$ 2,832,808
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 30,011	$ 37,986
Credit Cards Payable	9,294	4,008
Deferred Revenue	305,914	132,043
Accrued Liabilities	381,006	249,005
Total Current Liabilities	726,225	423,042
NET ASSETS		
Without Donor Restrictions	363,545	544,068
With Donor Restrictions	1,980,795	1,865,698
Total Net Assets	2,344,340	2,409,766
Total Liabilities and Net Assets	$ 3,070,565	$ 2,832,808

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	$ 142,259	$ 2,613,911	$ 2,756,170
Contract Income	2,841,922	-	2,841,922
Program Service Fees	4,237	-	4,237
Foreign Exchange Loss	(37,293)	-	(37,293)
Interest Income	506	-	506
Net Assets Released from Restrictions	2,498,814	(2,498,814)	-
Total Revenue and Support	5,450,445	115,097	5,565,542
EXPENSES			
Program Services:			
Indonesia	225,046	-	225,046
Innovations	278,020	-	278,020
Haiti	855,033	-	855,033
Latin America	453,683	-	453,683
Philippines	455,001	-	455,001
Nepal	1,993,808	-	1,993,808
Caribbean	123,701	-	123,701
Total Program Services	4,384,292	-	4,384,292
Management and General:			
Fundraising	649,342	-	649,342
General and Administrative	597,334	-	597,334
Total Management and General	1,246,676	-	1,246,676
Total Expenses	5,630,968	-	5,630,968
CHANGE IN NET ASSETS	(180,523)	115,097	(65,426)
Net Assets - Beginning of Year	544,068	1,865,698	2,409,766
NET ASSETS - END OF YEAR	$ 363,545	$ 1,980,795	$ 2,344,340

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	$ 2,128,992	$ 914,914	$ 3,043,906
Contract Income	3,645,900	-	3,645,900
Program Service Fees	18,833	-	18,833
Foreign Exchange Loss	(39,273)	-	(39,273)
Interest Income	303	-	303
Net Assets Released from Restrictions	1,763,210	(1,763,210)	-
Total Revenue and Support	7,517,965	(848,296)	6,669,669
EXPENSES			
Program Services:			
Indonesia	316,891	-	316,891
Innovations	242,150	-	242,150
Haiti	3,299,141	-	3,299,141
Latin America	435,362	-	435,362
Philippines	336,992	-	336,992
Nepal	1,437,857	-	1,437,857
Total Program Services	6,068,393	-	6,068,393
Management and General:			
Fundraising	598,208	-	598,208
General and Administrative	481,464	-	481,464
Total Management and General	1,079,672	-	1,079,672
Total Expenses	7,148,065	-	7,148,065
CHANGE IN NET ASSETS	369,900	(848,296)	(478,396)
Net Assets - Beginning of Year	174,168	2,713,994	2,888,162
NET ASSETS - END OF YEAR	$ 544,068	$ 1,865,698	$ 2,409,766

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Indonesia	Innovations	Haiti	Latin America	Philippines	Nepal	Caribbean	Total Program Expense	Fundraising	General and Administrative	Total
Salaries and Wages	$ 92,769	$ 164,944	$ 359,970	$ 235,226	$ 210,118	$ 803,133	$ 64,204	$ 1,930,364	$ 417,405	$ 353,683	$ 2,701,452
Employee Benefits	48,469	16,642	10,358	61,875	55,332	421,532	5,657	619,865	38,787	32,110	690,762
Payroll Taxes	3,185	13,891	20,858	8,413	6,278	52,932	6,307	111,864	30,643	28,474	170,981
Professional Services	2,690	9,547	35,039	39,174	6,148	265,793	16,256	374,647	80,928	35,354	490,929
Office Supplies and Expenses	4,642	5,257	38,181	5,961	14,857	75,746	1,243	145,887	31,941	18,004	195,832
Rent, Facilities, and Equipment	3,763	11,785	62,390	26,249	19,776	100,260	-	224,223	1,530	57,882	283,635
Depreciation	-	-	-	-	-	-	-	-	-	582	582
IT Services and Computer Expenses	2,667	9,607	2,435	11,360	13,649	45,723	172	85,613	3,969	10,233	99,815
Travel and Meetings	11,417	44,697	7,132	23,107	29,944	62,784	29,470	208,551	34,118	31,986	274,655
General Business Expenses	8,766	1,183	10,287	2,520	9,566	23,100	222	55,644	6,637	28,617	90,898
Training Supplies and Equipment	35,781	-	691	34,484	1,639	12,267	167	85,029	-	-	85,029
Training and Outreach Materials	876	150	1,385	1,462	846	10,823	-	15,542	565	-	16,107
Transport and Freight	10,021	317	50,975	3,852	7,090	119,715	3	191,973	2,819	409	195,201
Housing Subsidies	-	-	255,332	-	79,758	-	-	335,090	-	-	335,090
Total Expenses	$ 225,046	$ 278,020	$ 855,033	$ 453,683	$ 455,001	$ 1,993,808	$ 123,701	$ 4,384,292	$ 649,342	$ 597,334	$ 5,630,968

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Indonesia	Innovations	Haiti	Latin America	Philippines	Nepal	Total Program Expense	Fundraising	General and Administrative	Total
Salaries and Wages	$ 128,854	$ 156,983	$ 1,154,657	$ 199,512	$ 167,718	$ 518,479	$ 2,326,203	$ 393,759	$ 272,621	$ 2,992,583
Employee Benefits	50,050	13,798	206,493	69,124	46,608	257,546	643,619	48,237	33,938	725,794
Payroll Taxes	3,246	12,510	63,001	12,614	5,300	39,942	136,613	40,379	17,925	194,917
Professional Services	21,918	2,745	47,030	27,575	9,255	164,546	273,069	17,424	30,158	320,651
Office Supplies and Expenses	6,052	10,886	112,629	6,101	7,996	60,722	204,386	46,169	13,829	264,384
Rent, Facilities, and Equipment	5,256	8,116	122,744	21,535	23,211	102,833	283,695	3,976	38,057	325,728
Depreciation	3,413	-	17,030	1,896	-	-	22,339	-	924	23,263
IT Services and Computer Expenses	2,026	3,865	46,168	5,818	6,713	30,191	94,781	5,562	7,479	107,822
Travel and Meetings	18,370	30,082	60,685	17,355	20,740	39,662	186,894	30,781	33,966	251,641
General Business Expenses	1,857	9	12,128	3,615	9,382	19,873	46,864	5,849	32,177	84,890
Training Supplies and Equipment	62,210	2,169	14,302	67,426	373	33,105	179,585	-	-	179,585
Training and Outreach Materials	370	310	37,225	343	1,637	25,735	65,620	6	-	65,626
Transport and Freight	13,269	677	220,057	2,364	3,576	145,223	385,166	6,066	390	391,622
Housing Subsidies	-	-	1,184,992	84	34,483	-	1,219,559	-	-	1,219,559
Total Expenses	$ 316,891	$ 242,150	$ 3,299,141	$ 435,362	$ 336,992	$ 1,437,857	$ 6,068,393	$ 598,208	$ 481,464	$ 7,148,065

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	$ (65,426)	$ (478,396)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	582	23,263
Effects of Changes in Operating Assets and Liabilities:		
Accounts, Donations, and Grants Receivable	545,895	1,227,766
Prepaid Expenses	(12,400)	(32,389)
Other Assets	(9,750)	-
Deposits	1,325	(817)
Accounts Payable	(7,975)	(38,079)
Credit Card Payable	5,286	(25,698)
Accrued Liabilities	132,001	14,073
Deferred Revenue	173,871	132,043
Net Cash Provided by Operating Activities	763,409	821,766
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Related Party Payable	-	(10,000)
Borrowings on Line of Credit	-	80,000
Payments on Line of Credit	-	(120,331)
Net Cash Used by Financing Activities	-	(50,331)
NET INCREASE IN CASH	763,409	771,435
Cash - Beginning of Year	861,773	90,338
CASH - END OF YEAR	$ 1,625,182	$ 861,773
NONCASH TRANSACTIONS		
Donated Software and Website Development Services	$ 1,484	$ 18,781

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Build Change (the Organization) is a nonprofit, tax-exempt corporation formed September 2, 2004 in the state of California, as an international social enterprise that designs natural disaster-resistant houses and schools in developing countries and trains builders, homeowners, engineers, and governmental officials to build them. Build Change is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; and accordingly, a provision for income taxes has not been made. The Internal Revenue Service has determined Build Change is not a private foundation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Build Change and Yayasan Bangunan Cemerlang Indonesia (YBCI). YBCI is an Indonesian tax-exempt entity that is controlled by Build Change. All material transactions between these entities have been eliminated in the consolidation.

Basis of Presentation Method of Accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit entities. Accordingly, all significant receivables, payables and other assets and liabilities are reflected in the consolidated financial statements.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization records unconditional contributions in accordance with the requirements of accounting principles generally accepted in the United States of America for nonprofit entities. The Organization recognizes revenue for contributions (and grants considered to be contributions) based upon the presence or absence of donor-imposed conditions. For those contributions absent of donor-imposed conditions, revenues are recognized at the time the Organization is notified of the contribution and that promise is verified, regardless of the timing of cash receipt. For contributions with donor-imposed conditions, revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as Net Assets Released from Restrictions.

For exchange transactions, the Organization recognizes contract revenue as it is earned and expenses as they are incurred.

Payments received in advance of the performance of services deemed to be exchange transactions are deferred until such time as related expenditures are incurred and then revenue is recognized. Deferred revenue amounts are included under the caption Deferred Revenue on the consolidated statements of financial position.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Foreign Exchange

The Organization recognized foreign exchange losses of $37,293 and $39,273 for the years ended December 31, 2018 and 2017, respectively.

Grants Receivable

The Organization receives grants from philanthropically focused organizations for investment in the Organization’s mission related projects. Grants receivable consist of funding commitments from those organizations, which have not been received. The Organization does not charge interest on delinquent accounts. Long-term portions of grants receivable are expected to be received after December 31, 2019. The allowance on contributions and grants receivable is based on specific identification of potential uncollectible pledges as well as past history of collection. Management believes that all receivable amounts are collectible as of year-end. For the years ended December 31, 2018 and 2017, there were no amounts written off as uncollectible receivables.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Organization receives contributions from individuals for investment in the Organization's general mission and contracts to carry out services under its programs. Accounts receivable consist of contribution commitments from individuals and payment due for contract services provided, which have not been received.

Donated Gifts and Services

Donated services are recognized as contributions in accordance with Generally Accepted Accounting Principles in the United States of America for nonprofit organizations, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2018 and 2017, the value of donated services and goods meeting the requirements for recognition in the consolidated financial statements was $1,484 and $23,091, respectively. However, a substantial number of volunteers have donated significant amounts of time to the Organization to carry out its mission but are not reflected in the consolidated financial statements because they do not meet the criteria for recognition as donated services.

Property and Equipment

Property and equipment is carried at cost or fair-market value at date of purchase. Property and equipment acquired with an estimated useful life in excess of one year and cost in excess of $5,000 is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 2 to 7 years. Donations of assets are recorded at estimated fair market value.

Depreciation expense charged to operations for the years ended December 31, 2018 and 2017 was $582 and $23,263, respectively.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There were no impairments recognized by the Organization for the years ended December 31, 2018 and 2017.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Program activities are those that are conducted in accordance with the Organization's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to an organization's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Salaries, benefits, and payroll tax expense are allocated to programs, management, and general activities, and fundraising based on time recorded and classified by employees. All other expense is allocated to activities based on direct costs to those activities.

Accrued Vacation

Employees earn between 80 and 200 hours of paid time off (PTO) each year and may carry over up to two times their annual PTO accrual rate. Accrued hours carried over from year to year are recorded as accrued wages payable at year-end. As of December 31, 2018 and 2017, total accrued PTO was $101,271 and $81,343, respectively, which is included as a component of accrued liabilities.

Advertising

The Organization may use advertising to promote among the audience it serves. The production costs of advertising are expensed as incurred. The Organization had advertising costs of $20,216 and $30,074 for the years ended December 31, 2018 and 2017, respectively.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

In accordance with accounting principles generally accepted in the United States of America, a private entity is required to disclose any material uncertain tax positions that management believes does not meet a more likely than not standard of being sustained under an income tax audit and to record a liability for any such taxes including penalty and interest. Management of the Organization has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts for the year ended December 31, 2017 have been reclassified to conform with the presentation of the December 31, 2018 amounts. The reclassifications have no effect on net assets for the year ended December 31, 2017.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly. These changes were applied retrospectively to ensure comparability with the prior year presented herein.

Subsequent Events

The Organization has evaluated subsequent events from the consolidated statements of financial position date through May 30, 2019, the date at which the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	$ 1,625,182
Accounts Receivable	202,609
Grants Receivable - Short-Term	520,545
Financial Asset Total	2,348,336
Less: Board Designated Operating Reserve	(148,846)
Net Financial Assets Available for Liquidity	$ 2,199,490

Build Change receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2018 restricted contributions of $1,980,795 were included in financial assets available to meet cash needs for general expenditures within one year.

The board-designated assets could be drawn upon for liquidity purposes if approved by the governing board of directors, and Build Change has a committed line of credit of $40,000 that could be drawn upon in the event of an unanticipated liquidity need (see footnote 9).

NOTE 3 GRANTS RECEIVABLE

Contribution and grants receivable are expected to be collected as follows:

	2018	2017
Amounts Due in:		
2018	N/A	$ 819,155
2019	$ 520,545	241,004
2020	233,334	-
2021	233,333	-
2022	233,333	-
Gross Grants Receivable	1,220,545	1,060,159
Less: Discount		
(5.50% and 4.50%, Respectively) on Receivable	(76,075)	(14,106)
Net Grants Receivable	$ 1,144,470	$ 1,046,053

NOTE 4 SERVICE ACCRUAL

The Organization records a severance accrual for employees in Haiti, Indonesia, and Nepal to conform with legal requirements of those countries. Severance pay in Haiti is calculated as one-half of the monthly salary after three months of service, increases to 100% of the employee’s monthly salary after one year of service, and increases to two times the employee's monthly salary after three years of service. Severance pay for Indonesia is calculated as current monthly salary times years of service. Severance pay for Nepal is calculated as current monthly salary ties years of service. The total severance accrual for Indonesia, Haiti, and Nepal as of December 31, 2018 was $37,499, $3,473 and $18,200 respectively, and as of December 31, 2017, was $27,900, $3,551 and $-0-, respectively. The severance accrual is reported in the accrued liabilities line on the consolidated statements of financial position. This represents management’s estimate of the severance liability due to current employees upon cessation of employment.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS AND DESIGNATIONS

The Organization receives contributions from various corporations, organizations, and individuals. At December 31, 2018 and 2017, net assets are restricted for the following purposes or periods as of December 31:

	2018	2017
Subject to Expenditure for Specific Purpose:		
Philippines	$ 291,148	$ 444,299
Haiti	816,649	380,083
Indonesia	99,474	273,080
Innovations	165,513	76,874
Latin America	2,284	-
	1,375,068	1,174,336
Subject to Expenditure for Specific Purpose:		
For Periods after December 31	605,727	691,362
Total Net Assets With Donor Restrictions	$ 1,980,795	$ 1,865,698

The Organization's governing board has designated net assets without donor restrictions for the following purposes as of December 31:

	2018	2017
Designated Operating Reserve	$ 148,846	$ 98,338

Restrictions Released

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31:

	2018	2017
Purpose Restrictions Accomplished:		
Philippines	$ 509,831	$ 36,249
Haiti	561,933	505,029
Indonesia	197,106	196,451
Innovations	125,361	-
Latin America	80,721	39,970
Nepal	-	95,019
Time Restrictions Expired:		
Passage of Specified Time	1,023,862	890,492
Total Restrictions Released	$ 2,498,814	$ 1,763,210

NOTE 6 OPERATING LEASE

The Organization leases office space under noncancelable operating leases. The minimum future lease payments for the years ending December 31 are as follows:

Year Ending December 31:	Amount
2019	$ 151,331
2020	66,839
2021	38,475
Total	$ 256,645

Rental expense related to operating leases was $225,662 and $195,121 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of the following:

Cash

At certain times throughout the year, the Organization had certain cash equivalent amounts in excess of the federally insured amounts for depository accounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on these balances.

Cash and investments held in foreign banks totaling $185,081 and $397,614 are uninsured and subject to credit risk and foreign currency risk as of December 31, 2018 and 2017, respectively. The Organization manages foreign currency risk by transferring cash to international accounts for immediate operating needs on a monthly basis.

Revenue and Receivables

At December 31, 2018 and 2017, approximately 77% and 60% of the Organization’s receivables were due from three parties, respectively. For the years ended December 31, 2018 and 2017 approximately 56% and 44% of the Organization’s total revenue was concentrated with two parties, respectively.

NOTE 8 CONTINGENCIES

Based on the nature of the Organization’s operations in post-disaster settings where funding may vary widely from one period to the next, the Organization must continually assess the amount of funding available for each of its programs and make contingency plans to work within the funds available.

NOTE 8 CONTINGENCIES (CONTINUED)

In addition, the Organization has received several grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Management believes disallowances, if any, will be immaterial in relation to the Organization's consolidated financial statements.

NOTE 9 COMMITMENTS

The Organization maintains a line of credit with a bank with maximum borrowings of up to $40,000. Borrowing on the line of credit accrues interest at a rate of 10.5%. At both December 31, 2018 and 2017, the Organization had $-0- outstanding cash borrowing on the line of credit.

NOTE 10 RELATED PARTY TRANSACTIONS

A portion of the Organization's activities and transactions are with affiliated organizations who are related to the Organization. Significant related party transactions are described below.

During the years ended December 31, 2018 and 2017, payments were made to one board member totaling $188,626 and $158,614, respectively, for general and administrative services.

During 2016, an executive officer and board member loaned the Organization $10,000, the amount was outstanding as of December 31, 2016. The loan was repaid in full in January 2017. There was no outstanding board member loan as of December 31, 2017.

Contributions from board members during the years ended December 31, 2018 and 2017 totaled $166,603 and $68,000, respectively.