BUILD CHANGE

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
July 7, 2020

BUILD CHANGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

		2019		2018
ASSETS				
CURRENT ASSETS				
Cash	$	1,741,734	$	1,625,182
Accounts Receivable, Net		563,742		202,609
Less Allowance for Doubtful Accounts		(6,162)		-
Grants Receivable - Short-Term		458,808		520,545
Prepaid Expenses		40,303		69,557
Total Current Assets		2,798,425		2,417,893
PROPERTY AND EQUIPMENT				
Equipment and Furniture		399,771		399,771
Less: Accumulated Depreciation		(399,771)		(399,296)
Total Property and Equipment		-		475
OTHER LONG-TERM ASSETS				
Grants Receivable - Long-Term		527,146		623,925
Deposits		14,935		18,522
Other Assets		9,029		9,750
Total Other Long-Term Assets		551,110		652,197
Total Long-Term Assets		551,110		652,672
Total Assets	$	3,349,535	$	3,070,565
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$	57,833	$	30,011
Credit Cards Payable		15,745		9,294
Deferred Contract Income		211,863		305,914
Accrued Liabilities		314,110		381,006
Total Current Liabilities		599,551		726,225
NET ASSETS				
Without Donor Restrictions		537,075		363,545
With Donor Restrictions		2,212,909		1,980,795
Total Net Assets		2,749,984		2,344,340
Total Liabilities and Net Assets	$	3,349,535	$	3,070,565

See accompanying Notes to Consolidated Financial Statements.

BUILD CHANGE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and Contributions	$ 212,008	$ 2,093,740	$ 2,305,748
Contract Income	2,921,254	-	2,921,254
Program Service Fees	9,784	-	9,784
Foreign Exchange Loss	(18,705)	-	(18,705)
Interest Income	323	-	323
Net Assets Released from Restrictions	1,861,626	(1,861,626)	-
Total Revenue and Support	4,986,290	232,114	5,218,404
EXPENSES			
Program Services:			
Indonesia	196,947	-	196,947
Innovations	314,477	-	314,477
Haiti	225,564	-	225,564
Latin America	431,680	-	431,680
Philippines	486,599	-	486,599
Nepal	1,545,755	-	1,545,755
Caribbean	505,308	-	505,308
Total Program Services	3,706,330	-	3,706,330
Management and General:			
Fundraising	532,290	-	532,290
General and Administrative	574,140	-	574,140
Total Management and General	1,106,430	-	1,106,430
Total Expenses	4,812,760	-	4,812,760
CHANGE IN NET ASSETS	173,530	232,114	405,644
Net Assets - Beginning of Year	363,545	1,980,795	2,344,340
NET ASSETS - END OF YEAR	$ 537,075	$ 2,212,909	$ 2,749,984

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Indonesia	Innovations	Haiti	Latin America	Philippines	Nepal	Caribbean	Total Program Expense	Fundraising	General and Administrative	Total
Salaries and Wages	$ 111,180	$ 205,838	$ 125,219	$ 234,271	$ 281,945	$ 645,159	$ 185,891	$ 1,789,503	$ 384,017	$ 330,481	2,504,001
Employee Benefits	36,092	33,968	20,152	35,865	58,355	421,110	67,581	673,123	33,224	30,904	737,251
Payroll Taxes	6,064	15,797	3,767	14,208	6,905	48,892	7,056	102,689	24,266	26,347	153,302
Professional Services	258	2,197	17,242	40,844	26,980	92,098	94,235	273,854	10,739	36,737	321,330
Office Supplies and Expenses	4,915	3,552	7,974	5,487	20,173	33,782	5,406	81,289	19,606	12,191	113,086
Rent, Facilities, and Equipment	8,427	9,918	24,105	23,965	22,012	78,323	2,837	169,587	6,449	75,482	251,518
Depreciation	-	-	-	-	-	-	-	-	-	475	475
IT Services and Computer Expenses	2,652	2,654	1,785	2,993	2,797	9,076	7,407	29,364	3,076	9,485	41,925
Travel and Meetings	18,542	38,233	4,847	38,230	56,558	44,709	120,255	321,374	43,826	15,600	380,800
General Business Expenses	169	1,312	4,184	7,231	14,986	3,819	5,871	37,572	3,397	36,123	77,092
Training Supplies and Equipment	1,450	43	371	20,609	837	79,474	-	102,784	591	-	103,375
Training and Outreach Materials	280	-	1,384	926	1,498	4,295	-	8,383	-	-	8,383
Transport and Freight	6,918	965	14,534	7,051	4,200	85,018	8,769	127,455	3,099	315	130,869
Housing Subsidies	-	-	-	-	(10,647)	-	-	(10,647)	-	-	(10,647)
Total Expenses	$ 196,947	$ 314,477	$ 225,564	$ 431,680	$ 486,599	$ 1,545,755	$ 505,308	$ 3,706,330	$ 532,290	$ 574,140	$ 4,812,760

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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 405,644	$ (65,426)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	475	582
Effects of Changes in Operating Assets and Liabilities:		
Accounts, Donations, and Grants Receivable	(196,455)	545,895
Prepaid Expenses	29,254	(12,400)
Other Assets	721	(9,750)
Deposits	3,587	1,325
Accounts Payable	27,822	(7,975)
Credit Card Payable	6,451	5,286
Accrued Liabilities	(66,896)	132,001
Deferred Revenue	(94,051)	173,871
Net Cash Provided by Operating Activities	116,552	763,409
NET INCREASE IN CASH	116,552	763,409
Cash - Beginning of Year	1,625,182	861,773
CASH - END OF YEAR	$ 1,741,734	$ 1,625,182
NONCASH TRANSACTIONS		
Donated Hospitality and Advertising Services	$ 31,981	$ 1,484

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. Build Change does not have any perpetually restricted net assets. 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)

Grants and Contributions

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 – that is, those with a measurable performance or other barrier and a right of return or release – 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.

Contract Income

Contract income and program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to the funders as outlined in each contract signed. Revenue is recognized as performance obligations are satisfied based on the fees outlined in each contract, which may include, at times, variable consideration on a per unit basis.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Organization measures the performance obligation from the signing of the contract and commencement of work, to the point when all services as outlined in the contract have been performed and final reports have been provided to the funder.

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 Contract Income 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Exchange

The Organization recognized foreign exchange losses of $18,705 and $37,293 for the years ended December 31, 2019 and 2018, 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, 2020. The allowance on contributions and grants receivable is based on specific identification of potential uncollectible pledges as well as past history of collection. For the years ended December 31, 2019 and 2018, $6,162 and $-0- were written off as uncollectible receivables.

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, 2019 and 2018, the value of donated services and goods meeting the requirements for recognition in the consolidated financial statements was $31,981 and $1,484, 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 acquisition 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, 2019 and 2018 was $475 and $582, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019 and 2018.

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 the 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 is 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, 2019 and 2018, total accrued PTO was $91,689 and $103,930, 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 $17,262 and $20,216 for the years ended December 31, 2019 and 2018, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The consolidated financial statements reflect the application of ASC 606 guidance beginning in 2019 under the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The consolidated financial statements reflect the application of ASU 2018-08 beginning January 1, 2019 using the prospective approach. The adoption of this ASU did not result in an impact on the Organization's reported historical revenue.

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:

	2019	2018
Cash and Cash Equivalents	$ 1,741,734	$ 1,625,182
Accounts Receivable	563,742	202,609
Grants Receivable - Short-Term	458,808	520,545
Financial Asset Total	2,764,284	2,348,336
Less: Board Designated Operating Reserve	(180,765)	(148,846)
Net Financial Assets Available for Liquidity	$ 2,583,519	$ 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 years ended December 31, 2019 and 2018 restricted contributions of $1,710,802 and $1,356,870 were included in financial assets available to meet cash needs for general expenditures within one year.

The board-designated operating reserve 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 (Note 9).

NOTE 3 GRANTS RECEIVABLE

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

	2019	2018
Amounts Due in:		
2019	N/A	$ 520,545
2020	458,808	233,334
2021	333,333	233,333
2022	233,333	233,333
Gross Grants Receivable	1,025,474	1,220,545
Less: Discount		
(4.75% and 5.50%, Respectively) on Receivable	(39,520)	(76,075)
Net Grants Receivable	$ 985,954	$ 1,144,470

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS AND DESIGNATIONS

The Organization receives contributions from various corporations, organizations, and individuals. At December 31, 2019 and 2018, net assets are restricted for the following purposes or periods as of December 31:

	2019	2018
Subject to Expenditure for Specific Purpose:		
Philippines	$ 156,834	$ 291,148
Haiti	107,324	816,649
Other Programs	266,666	-
Indonesia	-	99,474
Innovations	506,057	165,513
Latin America	273,500	2,284
Nepal	707	-
	1,311,088	1,375,068
Subject to Expenditure for Specific Purpose:		
For Periods after December 31	901,821	605,727
Total Net Assets With Donor Restrictions	$ 2,212,909	$ 1,980,795

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

	2019	2018
Designated Operating Reserve	$ 180,765	$ 148,846

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:

	2019	2018
Purpose Restrictions Accomplished:		
Philippines	$ 391,149	$ 509,831
Haiti	257,779	561,933
Caribbean	100,000	-
Indonesia	162,420	197,106
Innovations	211,556	125,361
Latin America	178,462	80,721
Nepal	16,791	-
Time Restrictions Expired:		
Passage of Specified Time	543,469	1,023,862
Total Restrictions Released	$ 1,861,626	$ 2,498,814

NOTE 5 SERVICE ACCRUAL

The Organization records a severance accrual for employees in Haiti, Indonesia, Nepal and the Philippines 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 times years of service. Severance pay for the Philippines is calculated as either a minimum of one month pay or one month for every year of service, whichever is greater. The total severance accrual for Indonesia, Haiti, Nepal, and the Philippines as of December 31, 2019 was $-0-, $-0-, $60,126, and $14,328, respectively, and as of December 31, 2018, was $37,499, $3,473, $18,200, and $9,044, 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 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
2020	86,859
2021	38,475
Total	$ 125,334

Rental expense related to operating leases was $210,132 and $225,662 for the years ended December 31, 2019 and 2018, 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 $201,403 and $185,081 are uninsured and subject to credit risk and foreign currency risk as of December 31, 2019 and 2018, respectively. The Organization manages foreign currency risk by transferring cash to international accounts for immediate operating needs on a monthly basis.

NOTE 7 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Revenue and Receivables

At December 31, 2019 and 2018, approximately 54% and 77% of the Organization's receivables were due from three parties, respectively. For the years ended December 31, 2019 and 2018 approximately 44% and 56% 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.

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, 2019 and 2018, 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 individuals who are related to the Organization. Significant related party transactions are described below.

During the years ended December 31, 2019 and 2018, payments were made to one board member totaling $185,000 and $188,626, respectively, for general and administrative services.

Contributions from board members during the years ended December 31, 2019 and 2018 totaled $119,336 and $166,603, respectively.

NOTE 11 SUBSEQUENT EVENTS

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including potential reductions of grants and contracts and impacts on travel. Management believes the Organization is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Subsequent to year end, Organization executed a loan of $208,700 under the Paycheck Protection Program authorized by the CARES Act that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1.00% on the effective date. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs, and if the Organization retains employees during a specified period of time. Management estimates a portion of the loan funds will be eligible for forgiveness.