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**GEOHAZARDS INTERNATIONAL**

**FINANCIAL STATEMENTS**

For the years ended December 31, 2009 and 2008

with Report of Independent Auditors

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# GEOHAZARDS INTERNATIONAL

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**REPORT OF INDEPENDENT AUDITORS**

Board of Trustees  
GeoHazards International  
Palo Alto, California

We have audited the statements of financial position of GeoHazards International as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of GeoHazards International's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**PMB Helin Donovan, LLP**

*PMB Helin Donovan, LLP*

San Francisco, California  
September 8, 2010

# GEOHAZARDS INTERNATIONAL

## STATEMENTS OF FINANCIAL POSITION

as of December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Assets:		
Cash and cash equivalents	\$ 103,900	\$ 102,915
Federal grants receivable	-	30,105
Other grants receivable	16,660	40,000
Investments at fair value	1,450,733	1,443,335
Other current assets	7,939	12,353
Total Assets	<u>\$ 1,579,232</u>	<u>\$ 1,628,708</u>

## LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 14,637	\$ 43,761
Accrued expenses	28,157	22,285
Contract advances	115,925	133,262
Total Liabilities	<u>158,719</u>	<u>199,308</u>
Commitments		
Net Assets:		
Unrestricted net assets	1,322,072	1,347,139
Temporarily restricted net assets	98,441	82,261
Total Net Assets	<u>1,420,513</u>	<u>1,429,400</u>
Total Liabilities and Net Assets	<u>\$ 1,579,232</u>	<u>\$ 1,628,708</u>

The accompanying notes are an integral part of these financial statements

**GEOHAZARDS INTERNATIONAL**

**STATEMENTS OF ACTIVITIES**  
for the years ended December 31, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total 2009	Unrestricted	Temporarily Restricted	Total 2008
Support and Revenue:						
Grants:						
Federal	\$ -	\$ -	\$ -	\$ 327,592	\$ -	\$ 327,592
Corporations and foundations	205,790	108,800	314,590	74,644	75,000	149,644
Contributions	45,375		45,375	50,470	-	50,470
Investment income	301,527	-	301,527	(580,013)	-	(580,013)
Other income	14,875	-	14,875	5,450	-	5,450
Net assets released from restrictions	92,620	(92,620)	-	235,548	(235,548)	-
Total Support and Revenue	660,187	16,180	676,367	113,691	(160,548)	(46,857)
Operating Expenses:						
Program services	510,422	-	510,422	671,824	-	671,824
Supporting services:						
Management and general	60,239	-	60,239	164,110	-	164,110
Fundraising	114,593	-	114,593	73,926	-	73,926
Total Operating Expenses	685,254	-	685,254	909,860	-	909,860
Changes in Net Assets	(25,067)	16,180	(8,887)	(796,169)	(160,548)	(956,717)
NET ASSETS:						
Beginning of year	1,347,139	82,261	1,429,400	2,143,308	242,809	2,386,117
End of year	\$ 1,322,072	\$ 98,441	\$ 1,420,513	\$ 1,347,139	\$ 82,261	\$ 1,429,400

The accompanying notes are an integral part of these financial statements

# GEOHAZARDS INTERNATIONAL

## STATEMENTS OF CASH FLOWS

for the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATIONS:</b>		
Changes in Net Assets	\$ (8,887)	\$ (956,717)
Adjustments to reconcile increase/(decrease) in net assets to net cash used in operating activities:		
Depreciation	-	193
Donated securities	(959)	(1,557)
(Gain)/Loss on securities	(263,973)	638,520
Write off of federal grants receivable	1,158	-
(Increase)/decrease in operating assets:		
Grants receivable	23,340	25,000
Federal grants receivable	28,947	22,961
Other current assets	4,414	(7,461)
Increase/(decrease) in operating liabilities:		
Accounts payable	(29,124)	26,240
Accrued expenses	5,872	9,756
Contract advances	(17,337)	15,644
Net cash used by operating activities	<u>(256,549)</u>	<u>(227,421)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of securities	295,000	226,161
Purchase of securities	(37,466)	(57,234)
Total cash provided by investing activities	<u>257,534</u>	<u>168,927</u>
Net increase/(decrease) in cash balances	985	(58,494)
<b>CASH AND EQUIVALENTS:</b>		
Beginning of year	<u>102,915</u>	<u>161,409</u>
End of year	<u>\$ 103,900</u>	<u>\$ 102,915</u>

The accompanying notes are an integral part of these financial statements

**GEOHAZARDS INTERNATIONAL**

**STATEMENT OF FUNCTIONAL EXPENSES**

for the year ended December 31, 2009

	<u>Program Services</u>				<u>Total Programs</u>	<u>Management and Fundraising</u>		<u>Total</u>
	<u>Indonesia</u>	<u>Dharamsala</u>	<u>Pakistan</u>	<u>Other Programs</u>		<u>General</u>	<u>Fundraising</u>	
Personnel Expenses:								
Salaries and wages	\$ 40,998	\$ 1,791	\$ 11,330	\$ 136,388	\$ 190,507	\$ 68,620	\$ 57,374	\$ 316,501
Employee benefits and payroll taxes	5,740	251	1,586	19,094	26,671	8,982	8,032	43,685
Total Personnel Expenses	<u>46,738</u>	<u>2,042</u>	<u>12,916</u>	<u>155,482</u>	<u>217,178</u>	<u>77,602</u>	<u>65,406</u>	<u>360,186</u>
Consulting and professional fees	9,750	19,867	1,883	94,554	126,054	23,044	7,145	156,243
Computers and equipment	-	-	-	113	113	628	-	741
Conferences and meetings	998	41	313	2,360	3,712	894	522	5,128
Depreciation	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	7,272	-	7,272
Occupancy	-	-	-	2,025	2,025	73,789	-	75,814
Other	485	20	-	705	1,210	7,570	375	9,155
Postage and shipping	-	-	66	168	234	207	1,952	2,393
Printing and publications	-	134	-	586	720	1,812	2,311	4,843
Repairs and maintenance	-	-	-	112	112	-	-	112
Supplies	20	-	-	207	227	3,087	1,322	4,636
Telephone	325	52	15	1,860	2,252	5,132	-	7,384
Travel and per diem	12,735	521	218	31,044	44,518	4,463	2,366	51,347
Indirect cost allocation	13,062	4,485	2,074	92,446	112,067	(145,261)	33,194	-
Total Expenses	<u>\$ 84,113</u>	<u>\$ 27,162</u>	<u>\$ 17,485</u>	<u>\$ 381,662</u>	<u>\$ 510,422</u>	<u>\$ 60,239</u>	<u>\$ 114,593</u>	<u>\$ 685,254</u>

The accompanying notes are an integral part of these financial statements

**GEOHAZARDS INTERNATIONAL**

**STATEMENT OF FUNCTIONAL EXPENSES**

for the year ended December 31, 2008

	<u>Program Services</u>				<u>Total Programs</u>	<u>Management and Fundraising</u>		<u>Total</u>
	<u>Dehli</u>	<u>Dharamsala</u>	<u>Pakistan</u>	<u>Other Programs</u>		<u>General</u>	<u>Fundraising</u>	
Personnel Expenses:								
Salaries and wages	\$ 51,558	\$ 4,943	\$ 8,051	\$ 114,701	\$ 179,253	\$ 84,368	\$ 33,989	\$ 297,610
Employee benefits and payroll taxes	-	-	-	2,143	2,143	40,819	-	42,962
Total Personnel Expenses	<u>51,558</u>	<u>4,943</u>	<u>8,051</u>	<u>116,844</u>	<u>181,396</u>	<u>125,187</u>	<u>33,989</u>	<u>340,572</u>
Consulting and professional fees	118,714	25,499	23,144	88,464	255,821	44,046	35,154	335,021
Computers and equipment	1,808	-	-	1,882	3,690	995	-	4,685
Conferences and meetings	1,616	1,259	246	2,904	6,025	1,057	360	7,442
Depreciation	-	-	-	-	-	193	-	193
Insurance	-	-	-	-	-	5,515	-	5,515
Occupancy	-	-	160	1,546	1,706	70,981	-	72,687
Other	275	147	-	1,122	1,544	1,640	125	3,309
Postage and shipping	94	-	76	381	551	793	940	2,284
Printing and publications	57	42	30	5,413	5,542	2,386	107	8,035
Repairs and maintenance	-	-	-	22	22	-	-	22
Supplies	25	-	-	185	210	2,992	227	3,429
Telephone	2,847	118	15	231	3,211	5,045	-	8,256
Travel and per diem	68,202	1,583	10,026	27,235	107,046	8,340	3,024	118,410
Indirect cost allocation	84,083	6,718	6,262	7,997	105,060	(105,060)	-	-
 Total Expenses	 <u>\$ 329,279</u>	 <u>\$ 40,309</u>	 <u>\$ 48,010</u>	 <u>\$ 254,226</u>	 <u>\$ 671,824</u>	 <u>\$ 164,110</u>	 <u>\$ 73,926</u>	 <u>\$ 909,860</u>

The accompanying notes are an integral part of these financial statements

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

## 1. Organization and Summary of Significant Accounting Policies:

### Organization

GeoHazards International (GHI) 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, Pakistan, and Indonesia. 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

The financial statements of GHI are presented on the basis of permanently restricted net assets, temporarily restricted net assets and unrestricted net assets, pursuant to Accounting Standards Codification No. 958, *Financial Statements of Not-for-Profit Entities*. Under the provisions of the Codification, 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:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions, but may be designated for a specific purpose by action of the Board of Trustees or otherwise limited by contractual arrangements with outside parties.

*Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of GHI pursuant to those stipulations and/or expire with the passage of time.

*Permanently Restricted Net Assets* - Net assets that are subject to donor-imposed restrictions that GHI maintain them permanently. Generally, the donors of these assets permit GHI to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2009 and 2008 GHI had no permanently restricted net assets.

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

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

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 the expenses in accordance with the related grant award. The federal government, primarily the United States Agency for International Development, 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.

Grants, Contributions, and Revenue Recognition

GHI recognizes revenue at fair market value when a donor/grantor makes an unconditional promise to give. GHI records these contributions as unrestricted or temporarily restricted, 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 temporarily restricted support. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contribution is expended in the year of receipt is reflected as unrestricted.

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.

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

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

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. Accordingly, actual results could differ from these estimates. Such estimates include reserves for uncollectible receivables and allowances for depreciation.

Indirect Costs

Contracts awarded by federal agencies generally allow a charge for indirect costs, based on the ratio of total indirect costs to total direct costs, (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. During 2008 and 2009, the IDC rate was 15%.

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.

Tax Exempt Status

GHI has been granted tax-exempt status under Internal Revenue Code section 501(c)(3) by the Internal Revenue Service and under section 23701(d) of the Revenue and Taxation Code by the California Franchise Tax Board. It has also received a ruling that it is not a private foundation.

Cash and Cash Equivalents

Cash and cash equivalents consist of a checking account and a 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.

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

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

Fair Value of Financial Instruments

On January 1, 2008, the GHI adopted Accounting Standards Codification 820, *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements.

In February 2008, the Financial Accounting Standards Board Staff Position (FSP) delayed the effective dates of Accounting Standard Codification 820 for all non-financial assets and non-financial liabilities, excluding those assets that are recognized or disclosed at fair value on a recurring basis for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years.

On October 1, 2008, the GHI adopted Accounting Standards Codification 825, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of Accounting Standards Codification 320*. A provision of Codification 825 permits an entity to measure financial instruments and certain other items at estimated fair value. Most of the provisions of Codification 825 are elective; however, the amendment to Accounting Standards Codification 320, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by Accounting Standards Codification 825 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and (c) must be applied to the entire instrument and not to only a portion of the instrument. The adoption of Accounting Standards Codification 825 did not have a significant impact on the GHI's results of operations and financial condition.

The GHI's financial instruments consist principally of cash and cash equivalents, prepaid expenses, notes receivables, investments, other assets, accounts payable, and accrued expenses. The GHI believes all of the financial instruments' recorded values approximate fair value.

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

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

### Contract Advances

Contract advances represent cash advances received from funding agencies in advance of the performance of the related tasks.

### 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.

### New Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06, “*Value Measurements and Disclosures — Improving Disclosures about Fair Value Measurements*” (“ASU 2010-06”), that amends ASC Subtopic 820-10, “Fair Value Measurements and Disclosures — Overall”, and requires reporting entities to disclose (1) the amount of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers, and (2) separate information about purchases, sales, issuance and settlements in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). ASU 2010-06 also requires reporting entities to provide fair value measurement disclosures for each class of assets and liabilities and disclose the inputs and valuation techniques for fair value measurements that fall within Levels 2 and 3 of the fair value hierarchy. These disclosures and clarification are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuance, and settlements in the roll-forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. GHI does not expect the provisions of ASU 2010-06 to have a material impact on its financial statements.

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

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

New Accounting Pronouncements – (continued)

In June of 2009, the FASB issued guidance now codified as FASB ASC Topic 105, “Generally Accepted Accounting Principles,” as the single source of authoritative nongovernmental U.S. GAAP. FASB ASC Topic 105 does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the FASB Codification will be considered non-authoritative. These provisions of FASB ASC Topic 105 are effective for interim and annual periods ending after September 15, 2009 and, accordingly, are effective for the GHI for the current fiscal reporting period. The adoption of this pronouncement did not have an impact on the GHI’s financial condition or results of operations, but will impact the financial reporting process by eliminating all references to pre-codification standards.

2. Concentration of Credit Risk:

Financial instruments that potentially subject GHI to credit risk are limited to cash and cash equivalents in excess of the federal insurance amount. During 2009, GHI periodically maintained cash in banks in excess of the limit insured by the federal government. At December 31, 2009 and 2008 GHI did not exceed the insured limits at any one institution.

3. Grants Receivable:

Grants receivable include other grants receivable and federal grant receivable. Other grant receivable represents unconditional promises to give by grantors. Federal grant receivable represent payments due under federal grant awards. All grants are deemed to be fully collectible by management and are composed of the following amounts receivable as follows at December 31, 2009 and 2008:

Amounts due in:	2009		2008	
	Federal	Other	Federal	Other
2009	\$ -	-	\$ 30,105	25,000
2010	16,600	16,600	16,600	16,600
Total	\$ 16,600	16,600	\$ 16,600	16,600

## GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

### 4. Property and Equipment:

Property and equipment is valued as stated in Note 1 and is summarized as follows:

	<u>2009</u>	<u>2008</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>

Depreciation expense for 2008 amounted to \$193. There was no depreciation expense in 2009.

### 5. Fair Value of Financial Instruments:

As defined in the Accounting Standard Codification 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price methodology). Accounting Standard Codification 820 establishes a framework for measuring fair value that includes a hierarchy used to classify inputs used in measuring fair value. The hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels which are either observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect an entity's view of market assumptions in the absence of observable market information.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy defined by Accounting Standard Codification 820 are as follows:

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

5. Fair Value of Financial Instruments: (continued)

Level 1: Fair value is based on unadjusted quoted prices in active markets that are accessible to GHI for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. These generally provide the most reliable evidence and are used to measure fair value whenever available. GHI's Level 1 assets and liabilities include equities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2: Fair value is based upon significant inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable for substantially the full term of the asset or liability through corroboration with observable market data as of the reporting date. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, model-derived valuations whose inputs are observable or whose significant value drivers are observable and other observable inputs.

Level 3: Fair value is based on significant unobservable inputs which reflect the entity's or third party pricing service assumptions about the assumptions market participants would use in pricing an asset or liability. Valuations are estimated based on non-binding broker prices or internally developed valuation models or methodologies, discounted cash flow models and other similar techniques. The following table sets forth GHI's assets and liabilities that are measured at fair value on a recurring basis as of the December 31, 2009 and 2008:

<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2009</b>
Equities	\$ 2,756	\$ -	\$ -	\$ 2,756
Mutual Funds	<u>1,447,977</u>	<u>-</u>	<u>-</u>	<u>1,447,977</u>
Total	<u>\$1,450,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,450,733</u>
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2008</b>
Equities	\$ 1,555	\$ -	\$ -	\$ 1,555
Mutual Funds	<u>1,441,780</u>	<u>-</u>	<u>-</u>	<u>1,441,780</u>
Total	<u>\$1,443,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,443,335</u>

## GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

6. Investments:

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

	2009		2008	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$1,439,655	\$1,447,977	\$1,887,298	\$1,441,780
Equities	<u>2,515</u>	<u>2,756</u>	<u>1,555</u>	<u>1,555</u>
<b>Total</b>	<b><u>\$1,442,170</u></b>	<b><u>\$1,450,733</u></b>	<b><u>\$1,888,853</u></b>	<b><u>\$1,443,335</u></b>

Investment income consisted of:

	2009	2008
Interest and dividends	\$ 37,554	\$ 58,507
Appreciation/(depreciation) in investments	<u>263,973</u>	<u>(638,520)</u>
<b>Total</b>	<b><u>\$301,527</u></b>	<b><u>\$(580,013)</u></b>

7. Temporarily Restricted Net Assets:

Contributions that are restricted by a grantor agency or a donor are reported as an increase in unrestricted net assets 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 an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of December 31, temporarily restricted net assets consist of:

	2009	2008
Time restricted		
Simons Foundation	15,000	45,000
Catalyst Foundation	-	20,000
Purpose restricted		
Dharamsala, India Project	-	17,261
Hospital Earthquake Preparedness and Falling Hazards Mitigation - India	565	-
Improve Hospital Earthquake Safety in India	38,876	-
School Awareness and Contents Hazards Mitigation - India	44,000	-
<b>Total</b>	<b><u>\$98,441</u></b>	<b><u>\$82,261</u></b>

# GEOHAZARDS INTERNATIONAL

Notes to the financial statements  
December 31, 2009

8. Net Assets Released from Restrictions: (continued)

Net assets released from restrictions during the year by incurring expenses satisfying the restricted purposes were as follows:

	<u>2009</u>	<u>2008</u>
Time restricted	\$75,359	\$130,434
Dharamsala, India Project	17,261	105,114
Total	<u>\$92,620</u>	<u>\$235,548</u>

9. 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. All full-time and part-time employees are eligible to join the plan after six months of employment. For the year ended December 31, 2009 and 2008, GHI contributed \$7,688 to \$7,229 to the plan, respectively.

10. Commitments:

GHI leases office space under an operating lease that expires on March 31, 2012. Future minimum lease payments under the lease at December 31, 2009 are:

Year Ended December 31:	
2010	\$ 78,018
2011	80,001
2012	<u>20,099</u>
	<u>\$178,118</u>

Rental expense for years 2009 and 2008 amounted to \$75,814 and \$72,687, respectively.

11. Subsequent Events:

The GHI has evaluated all subsequent events through September 8, 2010, the date of this report, and determined there are no material recognized or unrecognized subsequent events.