

**Global Empowerment Mission, Inc.**  
**(Not-For-Profit Organization)**  
**Financial Statements**  
**December 31, 2021**

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## **Independent Auditor's Report**

To the Board of Directors of  
Global Empowerment Mission, Inc.

### **Qualified Opinion**

We have audited the accompanying financial statements of Global Empowerment Mission, Inc. (GEM) (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of GEM as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

We did not observe the taking of the physical inventory at December 31, 2021 and 2020 (stated at \$12,273,301 and \$5,006,720, respectively), since those dates were prior to our initial engagement as auditors for GEM, and the GEM's records do not permit adequate retroactive tests of inventory quantities. Consequently, we were unable to determine whether any adjustments were necessary in the statements of income, retained earnings, or cash flows.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GEM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GEM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GEM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GEM's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*ZOMMA Group, LLP*

Coral Gables, Florida

March 16, 2023

**Global Empowerment Mission, Inc.**  
**(Not-For-Profit Organization)**  
**Statement of Financial Position**  
**December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Combined Totals
<b>Assets</b>			
Current assets			
Cash	\$ 12,573	\$ 441,236	\$ 453,809
Inventory of aid supplies	12,273,301		12,273,301
	12,285,874	441,236	12,727,110
Property and equipment, net	158,558	-	158,558
<b>Total assets</b>	\$ 12,444,432	\$ 441,236	\$ 12,885,668
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 94,813	\$ -	\$ 94,813
Payroll protection program loan	81,750	-	81,750
	176,563	-	176,563
<b>Net assets</b>	12,267,869	441,236	12,709,105
<b>Total liabilities and net assets</b>	\$ 12,444,432	\$ 441,236	\$ 12,885,668

The accompanying notes are an integral part of these financial statements.

**Global Empowerment Mission, Inc.**  
**(Not-For-Profit Organization)**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Combined Totals
<b>Public support</b>			
In-kind contributions	\$ 31,339,355	\$ -	\$ 31,339,355
Cash contributions	813,524	2,442,051	3,255,575
Net assets released from support	2,442,636	(2,442,636)	-
<b>Total public support</b>	<b>34,595,515</b>	<b>(585)</b>	<b>34,594,930</b>
<b>Functional expenses</b>			
Program expenses	26,742,727	-	26,742,727
General and administrative	432,313	-	432,313
Fundraising	286,505	-	286,505
<b>Total functional expenses</b>	<b>27,461,545</b>	<b>-</b>	<b>27,461,545</b>
Excess of public support over expenses	7,133,970	(585)	7,133,385
<b>Other changes in net assets</b>			
Interest expense	(1,473)	-	(1,473)
Forgiveness of payroll protection program loan	72,500	-	72,500
<b>Total other changes in net assets</b>	<b>71,027</b>	<b>-</b>	<b>71,027</b>
<b>Change in net assets</b>	<b>7,204,997</b>	<b>(585)</b>	<b>7,204,412</b>
Net assets – beginning of year	5,062,872	441,821	5,504,693
<b>Net assets – end of year</b>	<b>\$ 12,267,869</b>	<b>\$ 441,236</b>	<b>\$ 12,709,105</b>

The accompanying notes are an integral part of these financial statements.

**Global Empowerment Mission, Inc.**  
**(Not-For-Profit Organization)**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Program Expenses</u>	<u>General and Administrative Costs</u>	<u>Fundraising Expenses</u>	<u>Totals</u>
<b>Personnel costs</b>				
Salaries	\$ 522,968	\$ -	\$ -	\$ 522,968
Payroll taxes and fringe benefits	35,572	-	-	35,572
<b>Total personnel costs</b>	558,540	-	-	558,540
<b>Other expenses</b>				
Advertising	-	-	107,222	107,222
Auto	-	34,560	-	34,560
Bank fees	-	86,365	-	86,365
Computer	566	-	-	566
Contract labor	-	-	179,283	179,283
Depreciation	-	22,066	-	22,066
Equipment rental	68,627	-	-	68,627
Freight and shipping	244,637	-	-	244,637
In-kind	24,551,706	-	-	24,551,706
Insurance	-	74,307	-	74,307
Maintenance	-	23,069	-	23,069
Materials and supplies	902,055	-	-	902,055
Office expense	-	65,476	-	65,476
Payroll services	6,969	-	-	6,969
Professional fees	-	126,470	-	126,470
Rent	162,077	-	-	162,077
Travel	197,969	-	-	197,969
Tuition	49,581	-	-	49,581
<b>Total functional expenses</b>	<u>\$ 26,742,727</u>	<u>\$ 432,313</u>	<u>\$ 286,505</u>	<u>\$ 27,461,545</u>

The accompanying notes are an integral part of these financial statements.



**Global Empowerment Mission, Inc.**  
**(Not-For-Profit Organization)**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Combined Totals
<b>Cash flows from operating activities</b>			
Cash received from grants and revenues	\$ 813,524	\$ 2,442,051	\$ 3,255,575
Cash paid to suppliers and employees	(856,261)	(2,442,636)	(3,298,897)
Interest paid	(1,473)		(1,473)
<b>Net cash used in operating activities</b>	<u>(44,210)</u>	<u>(585)</u>	<u>(44,795)</u>
<b>Cash flows used in investing activities</b>			
Purchase of property and equipment	(48,973)	-	(48,973)
<b>Cash flows from financing activities</b>			
Proceeds from Payroll Protection Program borrowing	81,750	-	81,750
<b>Net decrease in cash</b>	(11,433)	(585)	(12,018)
Cash – beginning of year	24,006	441,821	465,827
<b>Cash – end of year</b>	<u>\$ 12,573</u>	<u>\$ 441,236</u>	<u>\$ 453,809</u>
<b>The net change in net assets may be reconciled to cash used in operating activities</b>			
Change in net assets	\$ 7,204,997	\$ (585)	\$ 7,204,412
Add items which do not affect cash			
Depreciation	22,066	-	22,066
Forgiveness of PPP loan	(72,500)	-	(72,500)
Add or (deduct) changes in operating assets and liabilities			
Inventory aid supplies	(7,266,581)	-	(7,266,581)
Accounts payable and accrued expenses	67,808	-	67,808
<b>Net cash used in operating activities</b>	<u>\$ (44,210)</u>	<u>\$ (585)</u>	<u>\$ (44,795)</u>

The accompanying notes are an integral part of these financial statements.

**Note 1 Organization and Purpose**

Global Empowerment Mission (the Organization) is a 501(c)(3) not-for-profit organization founded in 2011 in the State of Florida as a first responder to global disasters. The Organization's journey began with grassroots community engagement as its founder, Michael Capponi, and board members have been involved in supporting some of the most significant global tragedies. For two decades, the team has assisted in over 300 missions around the world. In 2021, GEM provided significant support for the Haiti Earthquake and Champlain Tower GEM Collapse. Most recently, they have spearheaded the relief efforts surrounding the Hurricane Ian Disaster, Turkey Earthquake Disaster and the Ukraine War Crisis. GEM has supported missions in 40 countries, all 50 US States, and territories including the Caribbean. The Organization's complete 360 degree response results in having a long-lasting institutional impact.

GEM's main objective is to deliver the most amount of aid, to the most amount of people in need, in the shortest amount of time and with the least amount of costs to donors. This also applies to their rebuilding efforts.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Financial Statements Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net Assets with Donor Restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

In preparing the financial statements of the Organization, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the statement of financial position date, and the revenues and expenses for the period then ended. Actual results could differ from those estimates. A description of some of the estimates used in the preparation of the financial statements is included in the following significant accounting policies.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. There were no such investments as of December 31, 2021.

**Property and Equipment**

Property and equipment is recorded at cost when purchased or constructed, or at fair market value when donated. Depreciation is included in the statement of activities and is computed on the straight-line basis over the estimated useful life of the assets. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donations of property and equipment are reported as without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**Impairment**

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the year ended December 31, 2021.

**Donated Inventory, Supplies, Materials and Services**

Donated inventory, supplies and materials are recorded at their fair value at the date of the gift. Donated services are reflected when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services, which would be typically purchased if not provided by donation.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Functional Allocation of Expenses**

The costs of providing the programs and supporting activities have been directly charged. General and administrative costs primarily consist of professional fees, insurance, rent and other expenses.

**Income Taxes**

The Organization is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the year ended December 31, 2021, would be subject to federal income taxes. The Organization's information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by ASC 740-10 *Accounting For Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at December 31, 2021, for which the ultimate deductibility is highly certain but for which there are uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. The Organization is no longer subject to US Federal and Florida income tax examinations by authorities for years before 2017.

**Recent Accounting Pronouncements**

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization will implement the new changes, if any, for the year ended December 31, 2022, if applicable.

**Note 3 Property and Equipment**

Property and equipment consist of the following at December 31, 2021:

		Useful Lives (Years)
Furniture and fixtures	\$ 209,103	5 to 15
Less: accumulated depreciation	(50,545)	
	\$ 158,558	

Depreciation expense for the years ending December 31, 2021 totaled \$22,066.

**Note 4 Net Assets with Donor Restrictions**

Net assets with donor restrictions consists of the following for the year ended December 31, 2021:

BStrong	\$	268,957
Caribbean Counselor		68,630
Other		103,649
Total donor restricted net assets	\$	<u><u>441,236</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2021:

BStrong Incentives	\$	1,008,565
Caribbean Consular Corp		251,016
Champlain Tower Residents		390,323
Champlain Tower Survivor Relocation Fund		278,540
Kentucky Tornadoes		158,657
WeGaveWhat Incentive		102,553
Miscellaneous		252,982
Total net assets released from restrictions	\$	<u><u>2,442,636</u></u>

**Note 5 Commitments**

**Commitments**

The Organization leases various facilities for operations on a month-to-month basis ranging from \$1,920 to \$11,250 a month. The total rent expense for the year ended December 31, 2021, amounted to \$162,077.

**Note 6 Risk and Uncertainty**

**Risk**

At times during the year, the Organization's cash balances were in excess of the federal insured limits of \$250,000. As of December 31, 2021, the Organization's cash balances did not exceed those limits.

**COVID Uncertainty**

The effect of the COVID-19 virus has been felt worldwide and has caused disruption in financial markets. The US Government put in place certain programs to benefit businesses during these difficult times. The Company applied for and obtained \$154,250 under the SBA Payroll Protection Program (PPP) Loan Forgiveness program. The Company used the funds for payroll costs and other qualifying expenses. Under the terms of the PPP, \$72,500 of the loan was forgiven during the year ended December 31, 2021, and has been included under other changes to net assets in the Statement of Activities and Changes in Net Assets. The remaining balance of \$81,750 was recognized as a liability in the accompanying statement of financial position, such amount has been forgiven during 2022.

**Note 7 In-Kind Donations**

Donations are reflected as direct program costs and included at fair market value of supplies and materials required to operate the specific functions of the Organization. The in-kind donations were distributed to each mission as follows:

<b>In-kind domestic</b>	
Kentucky Tornadoes	\$ 1,932,334
Hurricane Ida (Louisiana)	1,473,262
US Homeless Holiday Initiative	89,484
Bahamas Operations / Bahamian Laptop Initiative	44,650
Texas Winter Blackout	547,424
Hurricane Eta/Iota	269,536
Alabama Tornado Relief	105,156
California Fires	948,515
Oregon Brinker Fires	6,234
Surfside/Champlain Tower Collapse	379,993
Champlain Survivor Relocation Fund	242,523
WEGAVEWHAT Initiative	14,500
Local Community Distributions	1,065,851
<b>Total in-kind domestic</b>	<b>7,119,462</b>
<b>In-kind foreign</b>	
Haiti Earthquake	6,281,243
St. Vincent Volcano Disaster	2,623,516
Guyana Floods	88,225
Caribbean Consular Corp Missions	8,439,260
<b>Total in-kind foreign</b>	<b>17,432,244</b>
<b>Total</b>	<b>\$ 24,551,706</b>

**Note 8 Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2021, reduced by the amounts not available for general use within one year of the statement of financial position because of contractual or donor-imposed restrictions or internal designations.

Current assets, excluding non-financial assets	<b>\$ 12,727,110</b>
Less: donor restrictions for specific purposes	<b>441,236</b>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 12,285,874</b>

**Note 9 Subsequent Events**

Subsequent events have been evaluated through March 16, 2023, which is the date the financial statements were available to be issued.