

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2016**

**GLOBAL HEALTH COUNCIL, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Global Health Council, Inc.  
Alexandria, Virginia

We have audited the accompanying financial statements of Global Health Council, Inc. (GHC), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHC as of December 31, 2017, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### Report on Summarized Comparative Information

We have previously audited GHC's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

June 20, 2018

## GLOBAL HEALTH COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

## ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 280,053	\$ 162,806
Grants and accounts receivable	37,083	180,737
Prepaid expenses	2,487	13,017
Deposit	<u>4,725</u>	<u>5,325</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 324,348</u></b>	<b><u>\$ 361,885</u></b>

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable	\$ 109,262	\$ 50,309
Accrued salaries and related benefits	21,873	4,169
Deferred revenue	<u>124,600</u>	<u>64,200</u>
Total current liabilities	<u>255,735</u>	<u>118,678</u>

## NET ASSETS

Unrestricted	62,553	(41,382)
Temporarily restricted	<u>6,060</u>	<u>284,589</u>
Total net assets	<u>68,613</u>	<u>243,207</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 324,348</u></b>	<b><u>\$ 361,885</u></b>

## GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>				
Membership	\$ 348,260	\$ -	\$ 348,260	\$ 324,008
Conference revenue	29,290	-	29,290	12,767
Grants	151,593	-	151,593	625,631
Sponsorship	70,500	-	70,500	45,000
Other	11,980	-	11,980	14,741
Net assets released from donor restrictions	<u>278,529</u>	<u>(278,529)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>890,152</u>	<u>(278,529)</u>	<u>611,623</u>	<u>1,022,147</u>
<b>EXPENSES</b>				
Program Services:				
Advancing, Policy and Advocacy	393,641	-	393,641	417,273
Connections and Coordination	156,235	-	156,235	126,261
Member Engagement	<u>191,690</u>	<u>-</u>	<u>191,690</u>	<u>101,121</u>
Total program services	<u>741,566</u>	<u>-</u>	<u>741,566</u>	<u>644,655</u>
Management and General	<u>44,651</u>	<u>-</u>	<u>44,651</u>	<u>88,261</u>
Total expenses	<u>786,217</u>	<u>-</u>	<u>786,217</u>	<u>732,916</u>
Change in net assets	103,935	(278,529)	(174,594)	289,231
Net assets (deficit) at beginning of year	<u>(41,382)</u>	<u>284,589</u>	<u>243,207</u>	<u>(46,024)</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 62,553</u>	<u>\$ 6,060</u>	<u>\$ 68,613</u>	<u>\$ 243,207</u>

## GLOBAL HEALTH COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	2017				2016		
	Program Services				Supporting Services		
	Advancing, Policy and Advocacy	Connections and Coordination	Member Engagement	Total Program Services	Management and General	Total Expenses	Total Expenses
Salaries	\$ 147,104	\$ 37,579	\$ 76,189	\$ 260,872	\$ 61,575	\$ 322,447	\$ 271,852
Benefits	46,837	12,025	24,381	83,243	13,177	96,420	81,672
Total salaries and benefits	193,941	49,604	100,570	344,115	74,752	418,867	353,524
Temporary help	-	-	-	-	-	-	19,942
Secretariat	34,129	40,949	31,594	106,672	53,387	160,059	172,923
Total personnel	228,070	90,553	132,164	450,787	128,139	578,926	546,389
Consulting fees	35,024	-	-	35,024	25	35,049	31,150
Support	1,925	-	-	1,925	4,738	6,663	-
Marketing	3,946	5,079	2,500	11,525	855	12,380	-
Meetings and conventions	33,303	26,348	6,711	66,362	2,241	68,603	35,324
Subscriptions and publications	-	-	-	-	-	-	13,077
Professional fees	-	-	-	-	-	-	3,125
Accounting and audit	-	-	-	-	15,375	15,375	33,150
Travel and entertainment	11,558	1,783	3,148	16,489	2,510	18,999	31,114
Occupancy	-	-	-	-	33,950	33,950	26,016
Printing and production	-	-	-	-	-	-	833
Postage and delivery	-	-	-	-	-	-	159
Supplies	-	-	-	-	-	-	729
Telephone and internet	-	-	-	-	-	-	976
Bank fees	-	-	-	-	6,986	6,986	5,656
Insurance	-	-	-	-	-	-	2,803
Training	-	-	-	-	-	-	1,000
Other	60	806	950	1,816	7,470	9,286	1,415
Total direct expenses	313,886	124,569	145,473	583,928	202,289	786,217	732,916
Allocation of overhead expenses	79,755	31,666	46,217	157,638	(157,638)	-	-
<b>TOTAL</b>	<b>\$ 393,641</b>	<b>\$ 156,235</b>	<b>\$ 191,690</b>	<b>\$ 741,566</b>	<b>\$ 44,651</b>	<b>\$ 786,217</b>	<b>\$ 732,916</b>

See accompanying notes to financial statements.

## GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (174,594)	\$ 289,231
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Grants and accounts receivable	143,654	(155,201)
Prepaid expenses	10,530	(2,098)
Deposit	600	425
Increase (decrease) in:		
Accounts payable	58,953	(49,122)
Accrued salaries and related benefits	17,704	(6,373)
Deferred revenue	<u>60,400</u>	<u>14,367</u>
Net cash provided by operating activities	<u>117,247</u>	<u>91,229</u>
Net increase in cash and cash equivalents	117,247	91,229
Cash and cash equivalents at beginning of year	<u>162,806</u>	<u>71,577</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 280,053</u></b>	<b><u>\$ 162,806</u></b>



**GLOBAL HEALTH COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

**Organization -**

Global Health Council, Inc. (GHC) was incorporated in 1972 as a non-profit organization. It is the leading membership organization supporting and connecting advocates, implementers and stakeholders around global health priorities worldwide. It is dedicated to improving health globally through increased investment, robust policies and the power of the collective voice. To achieve this goal GHC provides a dynamic platform for the global health community's shared voice and common vision through leadership drawn from and reflecting its constituency. It ensures transparency through regular member updates and opportunities to offer input, and serves its members with the highest possible value of state-of-the-art services, support and opportunities. GHC strategically convenes and coordinates global health stakeholders; promotes global health policy and best practices, thought leadership and dialogue; and builds its constituency through dialogue, advocacy and policy development around critical global health issues.

**Basis of presentation -**

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with GHC's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**Cash and cash equivalents -**

GHC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, GHC maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

**Grants and accounts receivable -**

Grants and accounts receivable are recorded at net present value, which approximates fair value. Management considers all amounts to be fully collectible within one-year. Accordingly, an allowance for doubtful accounts has not been established.

**Grants -**

Unrestricted and temporarily restricted grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements. Temporarily restricted grants received and expended in the same year are reported as unrestricted grants.

**Income taxes -**

GHC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. GHC is not a private foundation.

**GLOBAL HEALTH COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

**Uncertain tax positions -**

For the year ended December 31, 2017, GHC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

**Deferred revenue -**

Deferred revenue consists of organizational and individual member dues. GHC recognizes member dues on a pro-rata basis over the annual membership period.

**Net asset classification -**

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the general operation of GHC.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of GHC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. At December 31, 2017, GHC had no temporarily restricted net assets.

**Use of estimates -**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**New accounting pronouncements (not yet adopted) -**

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of GHC's financial statements, it is not expected to alter GHC's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance.

**GLOBAL HEALTH COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. GHC has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

GHC plans to adopt the new ASUs at the respective required implementation dates.

**2. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2017.

Advancing, Policy and Advocacy	\$ <u>6,060</u>
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**3. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Advancing, Policy and Advocacy	\$ <u>278,529</u>
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**4. LEASE COMMITMENT**

Effective May 1, 2016, GHC entered into a lease agreement for office space in Washington, D.C. The agreement is on a month-to-month basis and base rent is \$2,295 per month.

Total occupancy expense was \$33,950 for the year ended December 31, 2017.

**5. OPERATING AGREEMENT**

GHC has an operating agreement with Global Impact. The agreement requires Global Impact personnel to provide certain services to GHC each month. GHC will receive secretariat services, staffing services for the Executive Director and rent on a month-to-month basis. As part of the staffing services, Global Impact will charge GHC for the actual amount of salaries and wages, plus 31% to cover employer taxes and the employer portion of Global Impact fringe benefit costs. All significant fee increases shall be agreed to by both parties. At December 31, 2017, GHC owed \$32,964 to Global Impact for December wages. These were reimbursed in January, 2018.

**GLOBAL HEALTH COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**6. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**7. SUBSEQUENT EVENTS**

In preparing these financial statements, GHC has evaluated events and transactions for potential recognition or disclosure through June 20, 2018, the date the financial statements were issued.