

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

**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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Freedman*

November 2, 2017

**GLOBAL HEALTH COUNCIL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

<b>ASSETS</b>		<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	162,806	\$ 71,577
Grants and accounts receivable		180,737	25,536
Prepaid expenses		13,017	10,919
Deposit		<u>5,325</u>	<u>5,750</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>361,885</u></b>	<b>\$ <u>113,782</u></b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	50,309	\$ 99,431
Accrued salaries and related benefits		4,169	10,542
Deferred revenue		<u>64,200</u>	<u>49,833</u>
Total current liabilities		<u>118,678</u>	<u>159,806</u>
<b>NET ASSETS (DEFICIT)</b>			
Unrestricted		(41,382)	(46,024)
Temporarily restricted		<u>284,589</u>	<u>-</u>
Total net assets (deficit)		<u>243,207</u>	<u>(46,024)</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$</b>	<b><u>361,885</u></b>	<b>\$ <u>113,782</u></b>

## GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Unrestricted Total
<b>REVENUE AND SUPPORT</b>				
Membership	\$ 324,008	\$ -	\$ 324,008	\$ 404,877
Conference revenue	12,767	-	12,767	11,583
Grants	126,109	499,522	625,631	291,215
Sponsorship	45,000	-	45,000	86,500
Other	14,741	-	14,741	14,165
Net assets released from donor restrictions	<u>214,933</u>	<u>(214,933)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>737,558</u>	<u>284,589</u>	<u>1,022,147</u>	<u>808,340</u>
<b>EXPENSES</b>				
Program Services:				
Advancing, Policy and Advocacy	417,273	-	417,273	395,614
Connections and Coordination	126,261	-	126,261	173,405
Member Engagement	<u>101,121</u>	<u>-</u>	<u>101,121</u>	<u>91,077</u>
Total program services	<u>644,655</u>	<u>-</u>	<u>644,655</u>	<u>660,096</u>
Management and General	<u>88,261</u>	<u>-</u>	<u>88,261</u>	<u>127,030</u>
Total expenses	<u>732,916</u>	<u>-</u>	<u>732,916</u>	<u>787,126</u>
Change in net assets	4,642	284,589	289,231	21,214
Net deficit at beginning of year	<u>(46,024)</u>	<u>-</u>	<u>(46,024)</u>	<u>(67,238)</u>
<b>NET ASSETS (DEFICIT) AT END OF YEAR</b>	<b><u><u>\$ (41,382)</u></u></b>	<b><u><u>\$ 284,589</u></u></b>	<b><u><u>\$ 243,207</u></u></b>	<b><u><u>\$ (46,024)</u></u></b>

## GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016				2015		
	Programs			Supporting	Total		
	Advancing, Policy and Advocacy	Connections and Coordination	Member Engagement	Total Programs	Management and General	Expenses	Expenses
Salaries	\$ 115,731	\$ 21,051	\$ 37,146	\$ 173,928	\$ 97,924	\$ 271,852	\$ 297,872
Benefits	36,362	5,936	11,087	53,385	28,287	81,672	91,963
Total salaries and benefits	152,093	26,987	48,233	227,313	126,211	353,524	389,835
Temporary help	13,955	-	-	13,955	5,987	19,942	4,163
Secretariat	62,050	52,323	13,755	128,128	44,795	172,923	144,000
Total personnel	228,098	79,310	61,988	369,396	176,993	546,389	537,998
Consulting fees	29,350	-	-	29,350	1,800	31,150	55,049
Meetings and conventions	32,814	2,510	-	35,324	-	35,324	78,900
Subscriptions and publications	1,223	567	590	2,380	10,697	13,077	10,455
Professional fees	-	-	-	-	3,125	3,125	-
Accounting and audit	-	-	-	-	33,150	33,150	16,480
Travel and entertainment	12,039	4,243	7,530	23,812	7,302	31,114	44,654
Occupancy	-	-	-	-	26,016	26,016	23,604
Printing and production	-	-	-	-	833	833	2,181
Postage and delivery	-	-	-	-	159	159	229
Supplies	-	80	93	173	556	729	4,371
Telephone and internet	-	-	-	-	976	976	393
Bank fees	-	-	-	-	5,656	5,656	7,493
Insurance	-	-	-	-	2,803	2,803	5,319
Training	-	-	-	-	1,000	1,000	-
Other	-	-	8	8	1,407	1,415	-
Total direct expenses	303,524	86,710	70,209	460,443	272,473	732,916	787,126
Allocation of overhead expenses	113,749	39,551	30,912	184,212	(184,212)	-	-
<b>TOTAL</b>	<b>\$ 417,273</b>	<b>\$ 126,261</b>	<b>\$ 101,121</b>	<b>\$ 644,655</b>	<b>\$ 88,261</b>	<b>\$ 732,916</b>	<b>\$ 787,126</b>

See accompanying notes to financial statements.

## GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 289,231	\$ 21,214
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Grants and accounts receivable	(155,201)	(19,448)
Prepaid expenses	(2,098)	(3,419)
Deposit	425	(5,750)
Increase (decrease) in:		
Accounts payable	(49,122)	12,561
Accrued salaries and related benefits	(6,373)	5,332
Deferred revenue	<u>14,367</u>	<u>(78,272)</u>
Net cash provided (used) by operating activities	<u>91,229</u>	<u>(67,782)</u>
Net increase (decrease) in cash and cash equivalents	91,229	(67,782)
Cash and cash equivalents at beginning of year	<u>71,577</u>	<u>139,359</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 162,806</u></b>	<b><u>\$ 71,577</u></b>



**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2015, 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. Accordingly, an allowance for doubtful accounts has not been established.

Grants -

Grants are recorded as revenue in the year notification is received from the donor. 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. Grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements. Grants received with restrictions and the restrictions are met in the same period are reported as unrestricted grants.

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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

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.

Uncertain tax positions -

For the year ended December 31, 2016, 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.

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 pronouncement -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

New accounting pronouncement (continued) -

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.

**2. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2016.

<b>Advancing, Policy and Advocacy</b>	<b>\$ <u>284,589</u></b>
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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:

<b>Advancing, Policy and Advocacy</b>	<b>\$ <u>214,933</u></b>
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**4. LEASE COMMITMENT**

GHC leased office space in Washington, D.C. under a month-to-month operating lease. Effective May 1, 2016 GHC entered into a new 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. (See Note 5).

Total occupancy expense was \$26,016 for the year ended December 31, 2016.

**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, 2016, GHC owed \$20,014 to Global Impact for such services.

**6. GOING CONCERN**

GHC had experienced recurring negative changes in net assets (operating losses) for the years 2012-2014. During the year ended December 31, 2016, GHC recorded an operating gain of \$4,642. However, GHC's cumulative unrestricted net asset balance as of December 31, 2016 aggregated a deficit of \$(41,382).

**GLOBAL HEALTH COUNCIL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**6. GOING CONCERN (Continued)**

The ability of GHC to continue as a going concern is dependent on the success of GHC's operation plan to raise unrestricted funding during the coming fiscal years, as well as maintain a continued effort to decrease budgeting expenditures. Management and the Board of Directors have had extensive discussions and they have a strategic plan to grow the organization that will enable their unrestricted balance of net assets to grow.

**7. FUNCTIONAL ALLOCATION AND RECLASSIFICATION 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.

For the year ended December 31, 2016, GHC performed a thorough review of the functional expense allocation methodologies and concluded that certain staff time and operating expenses were not allocated to the appropriate programmatic categories. Accordingly, certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, GHC has evaluated events and transactions for potential recognition or disclosure through November 2, 2017, the date the financial statements were issued.