

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

July 24, 2019

GLOBAL HEALTH COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 648,692	\$ 280,053
Grants and accounts receivable	348,961	37,083
Prepaid expenses	2,588	2,487
Deposit	<u>4,725</u>	<u>4,725</u>
TOTAL ASSETS	<u>\$ 1,004,966</u>	<u>\$ 324,348</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 70,490	\$ 109,262
Accrued salaries and related benefits	28,764	21,873
Deferred revenue	<u>38,500</u>	<u>124,600</u>
Total current liabilities	<u>137,754</u>	<u>255,735</u>

NET ASSETS

Without donor restrictions	187,011	62,553
With donor restrictions	<u>680,201</u>	<u>6,060</u>
Total net assets	<u>867,212</u>	<u>68,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,004,966</u>	<u>\$ 324,348</u>

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Member dues	\$ 405,975	\$ -	\$ 405,975	\$ 348,260
Conference revenue	25,433	-	25,433	29,290
Grants	157,636	859,971	1,017,607	151,593
Member services	40,316	-	40,316	-
Sponsorship	72,000	-	72,000	70,500
Other	6,828	-	6,828	11,980
Net assets released from donor restrictions	<u>185,830</u>	<u>(185,830)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>894,018</u>	<u>674,141</u>	<u>1,568,159</u>	<u>611,623</u>
EXPENSES				
Program Services:				
Advancing, Policy and Advocacy	465,052	-	465,052	393,641
Connections and Coordination	-	-	-	156,235
Member Engagement	<u>265,527</u>	<u>-</u>	<u>265,527</u>	<u>191,690</u>
Total program services	<u>730,579</u>	<u>-</u>	<u>730,579</u>	<u>741,566</u>
Management and General	<u>38,981</u>	<u>-</u>	<u>38,981</u>	<u>44,651</u>
Total expenses	<u>769,560</u>	<u>-</u>	<u>769,560</u>	<u>786,217</u>
Change in net assets	124,458	674,141	798,599	(174,594)
Net assets at beginning of year	<u>62,553</u>	<u>6,060</u>	<u>68,613</u>	<u>243,207</u>
NET ASSETS AT END OF YEAR	<u>\$ 187,011</u>	<u>\$ 680,201</u>	<u>\$ 867,212</u>	<u>\$ 68,613</u>

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017		
	Program Services		Total Program Services	Supporting Services		Total Expenses
	Advancing, Policy and Advocacy	Member Engagement		Management and General	Total Expenses	
Salaries	\$ 177,394	\$ 104,217	\$ 281,611	\$ 57,977	\$ 339,588	\$ 322,447
Benefits	51,250	29,658	80,908	12,626	93,534	96,420
Total salaries and benefits	228,644	133,875	362,519	70,603	433,122	418,867
Secretariat	13,440	44,160	57,600	38,400	96,000	160,959
Total personnel	242,084	178,035	420,119	109,003	529,122	579,826
Consulting fees	60,998	-	60,998	18,113	79,111	35,049
Support	5,875	-	5,875	3,328	9,203	6,663
Marketing	-	11,278	11,278	-	11,278	12,380
Meetings and conventions	36,218	10,128	46,346	3,158	49,504	68,603
Accounting and audit	-	-	-	11,150	11,150	15,375
Travel and entertainment	33,119	774	33,893	-	33,893	18,999
Occupancy	-	-	-	35,217	35,217	33,950
Bank fees	-	-	-	4,399	4,399	6,986
Other	197	1,652	1,849	4,834	6,683	8,386
Total direct expenses	378,491	201,867	580,358	189,202	769,560	786,217
Allocation of overhead expenses	86,561	63,660	150,221	(150,221)	-	-
TOTAL	\$ 465,052	\$ 265,527	\$ 730,579	\$ 38,981	\$ 769,560	\$ 786,217

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 798,599	\$ (174,594)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Decrease) increase in:		
Grants and accounts receivable	(311,878)	143,654
Prepaid expenses	(101)	10,530
Deposit	-	600
(Increase) decrease in:		
Accounts payable	(38,772)	58,953
Accrued salaries and related benefits	6,891	17,704
Deferred revenue	<u>(86,100)</u>	<u>60,400</u>
Net cash provided by operating activities	<u>368,639</u>	<u>117,247</u>
Net increase in cash and cash equivalents	368,639	117,247
Cash and cash equivalents at beginning of year	<u>280,053</u>	<u>162,806</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 648,692</u></u>	<u><u>\$ 280,053</u></u>

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended December 31, 2018 and applied retrospectively.

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, 2017, 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 -

Grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions 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 net assets with donor restriction in the accompanying financial statements. Grants received with donor restriction and expended in the same year are reported as grants without donor restriction.

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Sponsorship -

Sponsorships are recorded and recognized as contributions in the period notification is received from the donor.

Income taxes -

GHC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. GHC is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2018, 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 -

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 are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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 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. 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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. GHC has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

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.

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.

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area of GHC are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2018.

Advancing, Policy and Advocacy	\$ <u>680,201</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>185,830</u>
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4. LIQUIDITY

Financial assets available for use within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 648,692
Grants and accounts receivable	348,961
Less financial assets not available:	
With donor restrictions	<u>(680,201)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>317,452</u>
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GHC has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018, GHC has financial assets equal to approximately four months of operating expenses.

5. 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 \$35,217 for the year ended December 31, 2018.

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. 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 25% 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, 2018, GHC owed \$23,682 to Global Impact for December wages. These were reimbursed in January, 2019.

7. SUBSEQUENT EVENTS

In preparing these financial statements, GHC has evaluated events and transactions for potential recognition or disclosure through July 24, 2019, the date the financial statements were issued.