

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

GLOBAL HEALTH COUNCIL, INC.

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CPAs & ADVISORS

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, 2019, 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, 2019, 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited GHC's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

June 17, 2020

GLOBAL HEALTH COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 544,761	\$ 648,692
Grants and accounts receivable	360,394	348,961
Prepaid expenses	3,878	2,588
Deposit	<u>4,725</u>	<u>4,725</u>
TOTAL ASSETS	<u>\$ 913,758</u>	<u>\$ 1,004,966</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 64,931	\$ 70,490
Accrued salaries and related benefits	33,719	28,764
Deferred revenue	<u>80,000</u>	<u>38,500</u>
Total liabilities	<u>178,650</u>	<u>137,754</u>

NET ASSETS

Without donor restrictions	340,641	187,011
With donor restrictions	<u>394,467</u>	<u>680,201</u>
Total net assets	<u>735,108</u>	<u>867,212</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 913,758</u>	<u>\$ 1,004,966</u>

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Member dues	\$ 509,000	\$ -	\$ 509,000	\$ 405,975
Grants	89,548	-	89,548	1,017,607
Sponsorship	44,200	-	44,200	72,000
Conference revenue	34,175	-	34,175	25,433
Member services	8,415	-	8,415	40,316
Other	7,754	-	7,754	6,828
Interest income	1,908	-	1,908	-
Net assets released from donor restrictions	285,734	(285,734)	-	-
Total revenue and support	980,734	(285,734)	695,000	1,568,159
EXPENSES				
Program Services:				
Advancing, Policy and Advocacy	439,191	-	439,191	465,052
Member Engagement	192,138	-	192,138	265,527
Total program services	631,329	-	631,329	730,579
Management and General	195,775	-	195,775	38,981
Total expenses	827,104	-	827,104	769,560
Change in net assets	153,630	(285,734)	(132,104)	798,599
Net assets at beginning of year	187,011	680,201	867,212	68,613
NET ASSETS AT END OF YEAR	\$ 340,641	\$ 394,467	\$ 735,108	\$ 867,212

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019				2018	
	Program Services					
	Advancing, Policy and Advocacy	Member Engagement	Total Program Services	Management and General	Total Expenses	Total Expenses
Salaries	\$ 212,206	\$ 126,022	\$ 338,228	\$ 87,097	\$ 425,325	\$ 339,588
Benefits	58,295	31,506	89,801	12,466	102,267	93,534
Total salaries and benefits	270,501	157,528	428,029	99,563	527,592	433,122
Secretariat	-	-	-	52,000	52,000	96,000
Total personnel	270,501	157,528	428,029	151,563	579,592	529,122
Meetings and conventions	62,192	7,758	69,950	42	69,992	49,504
Consulting fees	41,300	5,500	46,800	7,200	54,000	79,111
Travel and entertainment	46,917	12,431	59,348	-	59,348	33,893
Occupancy	14,947	8,096	23,043	8,096	31,139	35,217
Accounting and audit	-	-	-	12,650	12,650	11,150
Other	-	-	-	9,177	9,177	6,683
Marketing	3,334	825	4,159	59	4,218	11,278
Bank fees	-	-	-	4,564	4,564	4,399
Support	-	-	-	2,424	2,424	9,203
Total direct expenses	168,690	34,610	203,300	44,212	247,512	240,438
TOTAL	\$ 439,191	\$ 192,138	\$ 631,329	\$ 195,775	\$ 827,104	\$ 769,560

See accompanying notes to financial statements.

GLOBAL HEALTH COUNCIL, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (132,104)	\$ 798,599
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Increase in:		
Grants and accounts receivable	(11,433)	(311,878)
Prepaid expenses	(1,290)	(101)
Increase (decrease) in:		
Accounts payable	(5,559)	(38,772)
Accrued salaries and related benefits	4,955	6,891
Deferred revenue	<u>41,500</u>	<u>(86,100)</u>
Net cash (used) provided by operating activities	<u>(103,931)</u>	<u>368,639</u>
Net (decrease) increase in cash and cash equivalents	(103,931)	368,639
Cash and cash equivalents at beginning of year	<u>648,692</u>	<u>280,053</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 544,761</u>	<u>\$ 648,692</u>

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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 of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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.

New accounting pronouncements adopted -

Also during 2019, GHC adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. GHC adopted the ASU using a modified prospective basis.

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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. Included in cash and cash equivalents are funds held in a money market account in the amount of \$401,758.

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 -

The majority of GHC's revenue is received through grants from various organizations. Grants are recognized in the appropriate category of net assets in the period received. GHC performs an analysis of the individual grant to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

For contributions and grants qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Grants qualifying as contributions that are unconditional that have 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 restrictions in the accompanying financial statements.

Revenue -

Membership dues includes general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings; however, they are immaterial in nature to the contract and thus are included with the general member benefits.

Revenue received for conferences and meetings is recorded as revenue when the related event has occurred. Revenue received in advance for conference and meetings are recorded as deferred revenue within the Statement of Financial Position.

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

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**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. GHC is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2019, 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.

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). 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 voted in May, 2020 to defer the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2020. 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.

FASB issued ASU 2019-01, *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 non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

GHC plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

GLOBAL HEALTH COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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. 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, 2019.

Advancing, Policy and Advocacy	\$ <u>394,467</u>
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3. **NET ASSETS RELEASED FROM RESTRICTIONS**

The following net assets with donor restrictions 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>285,734</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	\$ 544,761
Grants and accounts receivable	360,394
Less financial assets not available:	
With donor restrictions	<u>(394,467)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>510,688</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, 2019, GHC has financial assets equal to approximately seven 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 \$31,139 for the year ended December 31, 2019.

GLOBAL HEALTH COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, GHC owed \$33,385 to Global Impact for December wages.

7. SUBSEQUENT EVENTS

In preparing these financial statements, GHC has evaluated events and transactions for potential recognition or disclosure through June 17, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact GHC's operations. The overall potential impact is unknown at this time.