

GLOBAL HEALTH COUNCIL, INC.
Financial Statements
December 31, 2021
(With Summarized Comparative Financial Information for 2020)
With Independent Auditor's Report

Global Health Council, Inc.
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(With Summarized Comparative Financial Information for December 31, 2020)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Global Health Council, Inc.:

Opinion

We have audited the financial statements of Global Health Council, Inc. ("GHC"), 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, the accompanying financial statements present fairly, in all material respects, the financial position of GHC as of December 31, 2021, and the changes 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 GHC 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 audit opinion.

Other Matters – Scope of Audit and Summarized Comparative Information

The financial statements of Global Health Council, Inc. as of and for the year December 31, 2020 were audited by other auditors, whose report dated September 23, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 GHC's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 GHC'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 GHC'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.

Withum Smith + Brown, PC

July 18, 2022

Global Health Council, Inc.
Statement of Financial Position
December 31, 2021
(With Summarized Comparative Financial Information as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 1,748,384	\$ 1,031,919
Grants and accounts receivable	420,961	63,059
Prepaid expenses	5,745	2,657
Deposits	<u>-</u>	<u>2,235</u>
 Total assets	 <u>\$ 2,175,090</u>	 <u>\$ 1,099,870</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 47,773	\$ 58,143
Deferred revenue	<u>255,500</u>	<u>148,000</u>
Total liabilities	<u>303,273</u>	<u>206,143</u>
Net assets		
Without donor restrictions	781,131	421,135
With donor restrictions	<u>1,090,686</u>	<u>472,592</u>
Total net assets	<u>1,871,817</u>	<u>893,727</u>
 Total liabilities and net assets	 <u>\$ 2,175,090</u>	 <u>\$ 1,099,870</u>

The Notes to Financial Statements are an integral part of this statement.

Global Health Council, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021
(With Summarized Comparative Financial Information For The Year Ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and support				
Member dues	\$ 490,083	\$ -	\$ 490,083	\$ 472,000
Grants	311,159	1,054,436	1,365,595	491,187
Donated services	132,167	-	132,167	-
Contributions	27,642	-	27,642	-
Sponsorship	42,750	-	42,750	47,500
Conference revenue	9,766	-	9,766	-
Other	7,906	-	7,906	8,308
Interest income	249	-	249	1,321
Net assets released from donor restrictions	436,342	(436,342)	-	-
Total revenue and support	1,458,064	618,094	2,076,158	1,020,316
Expenses				
Program services				
Advancing, policy and advocacy	370,780	-	370,780	249,034
GHC Symposium	188,271	-	188,271	214,397
Member engagement	106,313	-	106,313	175,832
Total program services	665,364	-	665,364	639,263
Supporting services				
Management and general	409,523	-	409,523	222,434
Fundraising and member development	23,181	-	23,181	-
Total supporting services	432,704	-	432,704	222,434
Total expenses	1,098,068	-	1,098,068	861,697
Changes in net assets	359,996	618,094	978,090	158,619
Net assets				
Beginning of year	421,135	472,592	893,727	735,108
End of year	\$ 781,131	\$ 1,090,686	\$ 1,871,817	\$ 893,727

The Notes to Financial Statements are an integral part of this statement.

Global Health Council, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Comparative Financial Information For The Year Ended December 31, 2020)

	2021							2020	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	Advancing, Policy and Advocacy	Member Engagement	GHC Symposium	Total Program Services	Management and General	Fundraising and Member Development	Total Supporting Services		
Salaries	\$ 232,565	\$ 137,635	\$ 66,991	\$ 437,191	\$ 190,064	\$ 19,001	\$ 209,065	\$ 646,256	\$ 509,172
Benefits	51,476	30,504	16,026	98,006	42,153	4,180	46,333	144,339	118,596
Total salaries and benefits	284,041	168,139	83,017	535,197	232,217	23,181	255,398	790,595	627,768
Secretariat	-	-	-	-	76,583	-	76,583	76,583	58,000
Total personnel	284,041	168,139	83,017	535,197	308,800	23,181	331,981	867,178	685,768
Consulting fees	79,804	16,600	23,296	119,700	62,500	-	62,500	182,200	93,585
Accounting and audit	-	-	-	-	13,531	-	13,531	13,531	-
Legal fees	-	-	-	-	955	-	955	955	1,131
Marketing	4,336	2,879	-	7,215	2,604	-	2,604	9,819	8,476
Office expenses	2,500	72	-	2,572	2,456	-	2,456	5,028	28
Bank fees	-	-	-	-	6,311	-	6,311	6,311	6,335
Information technology	-	-	-	-	21	-	21	21	-
Occupancy	-	-	-	-	5,603	-	5,603	5,603	29,879
Travel and entertainment	-	-	-	-	144	-	144	144	5,175
Meetings and conventions	99	110	-	209	-	-	-	209	29,567
Insurance	-	471	-	471	5,063	-	5,063	5,534	-
Other	-	-	-	-	1,535	-	1,535	1,535	1,753
	<u>\$ 370,780</u>	<u>\$ 188,271</u>	<u>\$ 106,313</u>	<u>\$ 665,364</u>	<u>\$ 409,523</u>	<u>\$ 23,181</u>	<u>\$ 432,704</u>	<u>\$ 1,098,068</u>	<u>\$ 861,697</u>

The Notes to Financial Statements are an integral part of this statement.

Global Health Council, Inc.
Statement of Cash Flows
For The Year Ended December 31, 2021
(With Summarized Comparative Financial Information For The Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ 978,090	\$ 158,619
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in assets		
Grants and accounts receivable	(357,902)	297,335
Prepaid expenses	(3,088)	1,221
Deposits	2,235	2,490
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(10,370)	(40,507)
Deferred revenue	<u>107,500</u>	<u>68,000</u>
Net cash provided by operating activities	<u>716,465</u>	<u>487,158</u>
Net change in cash and cash equivalents	716,465	487,158
Cash and cash equivalents		
Beginning of year	<u>1,031,919</u>	<u>544,761</u>
End of year	<u>\$ 1,748,384</u>	<u>\$ 1,031,919</u>

The Notes to Financial Statements are an integral part of this statement.

Global Health Council, Inc.
Notes to Financial Statements
December 31, 2021
(With Summarized Comparative Financial Information as of and For The Year Ended
December 31, 2020)

1. ORGANIZATION

Global Health Council, Inc. ("GHC") was incorporated in 1972 as a nonprofit 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements accounting are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America. 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. Assets restricted solely through the actions of the Board of Directors are referred to as board designated net assets and are also reported as net assets without donor restrictions. As of December 31, 2021 and 2020, there were no net assets without donor restrictions that were subject to board designations.

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 changes in net assets as net assets released from restrictions.

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. For the years ended December 31, 2021 and 2020, included in cash and cash equivalents were funds held in a money market account that amounted to \$657,341 and \$657,092, respectively. At times during the year, GHC maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation 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 and accounts receivable totaled \$63,059 and \$360,394 as of January 1, 2021 and 2020, respectively.

Global Health Council, Inc.
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Revenue and Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return or release) are not recognized until the conditions on which they depend have been substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor-restricted support that increases that net asset class.

Contributed property and equipment and other non-cash assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, GHC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when GHC satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration GHC expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, GHC combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Accounts receivable totaled \$1,785 as of December 31, 2021, and there were no accounts receivable as of January 1, 2021 or 2020.

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

- Membership dues are comprised of an exchange element based on the benefits received and includes a bundle of membership benefits that represent the performance obligation. GHC has concluded the performance obligations related to member benefits are satisfied throughout the membership period, as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over time over the applicable dues period. Membership dues received that are applicable to the following year are included in deferred revenue in the accompanying statement of financial position.

The following table provides information about significant changes to deferred membership dues for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred membership dues, beginning of year	\$ 148,000	\$ 80,000
Revenue recognized that was included in deferred membership dues at beginning of year	(148,000)	(80,000)
Increase in deferred membership dues	<u>255,500</u>	<u>148,000</u>
Deferred membership dues, end of year	<u>\$ 255,500</u>	<u>\$ 148,000</u>

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- Conference registrations, educational events and webinar registrations, exhibitor fees, and sponsorships are recognized at the point in time of the conference or event, which is when the sole performance obligation is satisfied. Conference registrations, fees, and sponsorships received that are applicable to the following year are included in deferred revenue in the statement of financial position.

Revenue from all other sources is recognized when earned.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to GHC's program services, administration, fundraising, and membership development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria under U.S. GAAP. GHC records donated professional services at the respective fair values of the services received for donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31 2021, GHC received donated services related to the vacant Executive Director position from a board member valued at \$132,167. There were no contributed services during the year ended December 31, 2020.

Tax-Exempt Status

GHC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a public charity.

Uncertain Tax Positions

US GAAP requires management to evaluate tax positions taken by GHC and recognize tax liability (or asset) if GHC has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities. For the years ended December 31, 2021 and 2020, GHC has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. There has been no tax related interest or penalties for the periods presented in these financial statements.

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.

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 changes in net assets and detailed within the statement of functional expenses. 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. Such expenses include salaries, benefits, consulting fees, marketing expenses, office expenses, and meetings and conventions expenses. Salaries and related costs are allocated based on staff's time and effort. All other expense allocations are based on estimates of use or benefit received to the program or supporting functions of GHC.

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New Accounting Pronouncements Not Yet Adopted

Leases

On February 25, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases, which will require lessees to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2021.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

Management is currently evaluating the impact of these ASUs on the financial statements.

COVID-19 Pandemic

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on GHC’s financial position, and changes in net assets, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no impact on previously reported net assets.

3. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets available at year-end		
Cash and cash equivalents	\$ 1,748,384	\$ 1,031,919
Grants and accounts receivable	<u>420,961</u>	<u>63,059</u>
Total financial assets available at year-end	2,169,345	1,094,978
Less: Net assets with donor restrictions	<u>(1,090,686)</u>	<u>(472,592)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,078,659</u>	<u>\$ 622,386</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, 2021 and 2020, GHC had financial assets equal to approximately eight months of operating expenses.

4. NET ASSETS WITH DONOR RESTRICTIONS

The financial assistance GHC receives comes from all sources and is restricted based on the donor intent. At the time that the donation is made, donors designate the use of their contributions towards various projects.

At December 31, 2021, net assets with donor restrictions consist of the following:

Description	December 31, 2020	Additions	Releases	December 31, 2021
A path forward for exploring a narrative shift	\$ -	\$ 100,000	\$ -	\$ 100,000
Advocacy to transform and accelerate US global health impact	-	704,436	-	704,436
Building a global health justice coalition	-	250,000	126,500	123,500
Ensuring global health as a priority	127,992	-	127,992	-
Reframing U.S. global health rhetoric and relationships in the wake of an international COVID-19 response and recovery	319,600	-	156,850	162,750
Rethinking of national security narrative	25,000	-	25,000	-
	<u>\$ 472,592</u>	<u>\$ 1,054,436</u>	<u>\$ 436,342</u>	<u>\$ 1,090,686</u>

At December 31, 2020, net assets with donor restrictions consist of the following:

Description	December 31, 2019	Additions	Releases	December 31, 2020
Ensuring global health as a priority	\$ 393,052	\$ -	\$ 265,060	\$ 127,992
Elevating patient and caregiver voices to expand access to quality care	1,415	-	1,415	-
Reframing U.S. global health rhetoric and relationships in the wake of an international COVID-19 response and recovery	-	325,000	5,400	319,600
Rethinking of national security narrative	-	25,000	-	25,000
	<u>\$ 394,467</u>	<u>\$ 350,000</u>	<u>\$ 271,875</u>	<u>\$ 472,592</u>

5. REVENUE CONCENTRATION

In 2021 and 2020, GHC received a significant percentage of its revenue from a limited number of donors. During 2021, 54% of total revenue was derived from two contributors. During 2020, 62% of total revenue was derived from two contributors.

6. LEASE COMMITMENT

Effective May 1, 2016, GHC entered into a lease agreement for office space in Washington, D.C. The agreement was on a month-to-month basis and base rent was \$2,295 per month. The lease agreement was terminated on September 30, 2021.

Effective October 1, 2020, GHC entered into a six-month lease agreement for office space in Washington, D.C. The lease required minimum monthly lease payments of \$1,043 through March 2021. The lease was not renewed. Total occupancy expense was \$5,603 and \$29,879, which includes rent, storage and other expenses for the years ended December 31, 2021 and 2020, respectively.

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7. 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 22% and 25%, respectively, 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. During the years ended December 31, 2021 and 2020, GHC incurred \$739,215 and \$690,287, respectively, in charges to Global Impact for services rendered and reimbursement of expenses paid by Global Impact on behalf of GHC. As of December 31, 2021, \$36,346 was due to Global Impact. No amounts were due to Global Impact as of December 31, 2020.

8. SUBSEQUENT EVENTS

GHC has evaluated subsequent events through July 18, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2021 that require recognition or disclosure in the financial statements.