

GLOBAL HEALTH CORPS, INC.
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

GLOBAL HEALTH CORPS, INC.
YEARS ENDED JULY 31, 2019 AND 2018
TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statement	7 - 12



Schultheis & Panettieri LLP

Accountants and Consultants

Please Reply to:

450 Wireless Boulevard
Hauppauge, NY 11788
Telephone: (631) 273-4778
Fax: (631) 273-3488

21 Vernon Street
Floral Park, NY 11001
Telephone: (516) 216-5695

485A US Route 1 South
Suite 360
Iselin, NJ 08830
Telephone: (732) 268-1301

<http://www.snpcpa.com>

PARTNERS

Carol Westfall, CPA
Vincent F. Panettieri, CPA
Max Capone, CPA
James M. Heinzman, CPA
Donna Panettieri, CPA
Peter M. Murray, CPA
Sharon M. Haddad, CPA
Gary Waldren, CPA
Alexander Campo, CPA.CITP
Jennifer Evans, CPA
Richard B. Silvestro, CPA
Jamie L. Krainski, CPA
Vincent A. Gelpi, CPA

DIRECTORS

Stephen Bowen
Anthony Sgroi
William R. Shannon
William Austin
Kimberly Lessuk
Michael Fox
Viorel Kuzma

Independent Auditor's Report

Board of Directors
Global Health Corps, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Global Health Corps, Inc. (the "Organization") which comprise the statements of financial position as of July 31, 2019 and 2018, and the related statement of activities for the year ended July 31, 2019, and statements of functional expenses and cash flows for the years ended July 31, 2019 and 2018, 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 audits. We conducted our audits 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 of 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 the Organization as of July 31, 2019 and 2018, and its changes in net assets for the year ended July 31, 2019 and its functional expenses and cash flows for the years ended July 31, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's July 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schullhas & Panzicchi LLP
Hauppauge, New York
February 5, 2020

GLOBAL HEALTH CORPS, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2019 AND 2018

	2019	2018
Assets		
Current assets		
Cash	\$ 1,301,565	\$ 2,213,746
Receivables		
Corporate, government and foundation grants	3,535,819	3,564,376
Prepaid expenses	23,555	99,854
Total current assets	4,860,939	5,877,976
Property and equipment - net	38,785	52,083
Other assets	116,716	143,122
Total assets	\$ 5,016,440	\$ 6,073,181
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 438,425	\$ 520,449
Net assets		
Without donor restrictions	909,315	2,245,585
With donor restrictions	3,668,700	3,307,147
Total net assets	4,578,015	5,552,732
Total liabilities and net assets	\$ 5,016,440	\$ 6,073,181

GLOBAL HEALTH CORPS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and support				
Corporate, government and foundation grants	\$ 523,021	\$ 4,493,240	\$ 5,016,261	\$ 6,207,603
Individual contributions	222,079	-	222,079	236,915
Other income	40,083	-	40,083	-
In-kind contributions	127,432	-	127,432	213,059
Interest	1,747	-	1,747	640
Net assets released from restrictions:				
Satisfaction of program restrictions	4,131,687	(4,131,687)	-	-
Total revenue and support	5,046,049	361,553	5,407,602	6,658,217
Expenses				
Program services - Fellows support	3,626,959	-	3,626,959	4,433,057
Program services - Alumni support	1,181,255	-	1,181,255	923,210
Fundraising	511,640	-	511,640	477,727
Management and general	1,062,465	-	1,062,465	996,772
Total expenses	6,382,319	-	6,382,319	6,830,766
Change in net assets	(1,336,270)	361,553	(974,717)	(172,549)
Net assets				
Beginning of year	2,245,585	3,307,147	5,552,732	5,725,281
End of year	\$ 909,315	\$ 3,668,700	\$ 4,578,015	\$ 5,552,732

GLOBAL HEALTH CORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDING JULY 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019							
	Program Services			Supporting Services				
	Fellow Support	Alumni Support	Total	Management & General	Fundraising	Total	Grand Total	2018
Payroll	\$ 1,160,944	\$ 681,159	\$ 1,842,103	\$ 417,758	\$ 309,808	\$ 727,566	\$ 2,569,669	\$ 2,543,470
Taxes and benefits	281,097	149,570	430,667	91,732	68,028	159,760	590,427	522,543
Training and events	380,136	71,388	451,524	-	-	-	451,524	1,113,830
Stipends and awards	445,572	-	445,572	-	-	-	445,572	512,299
Fellow healthcare	224,251	-	224,251	-	-	-	224,251	71,680
Travel and meals	73,399	23,793	97,192	19,250	7,431	26,681	123,873	246,565
Professional development	70,802	69,970	140,772	4,956	3,676	8,632	149,404	205,521
Recruitment & selection	39,542	-	39,542	80,273	-	80,273	119,815	80,593
Professional fees	100,964	48,323	149,287	269,371	54,521	323,892	473,179	317,740
Occupancy	732,786	82,543	815,329	52,407	21,115	73,522	888,851	933,726
Office	99,067	45,630	144,697	85,945	43,942	129,887	274,584	192,005
Telephone	15,442	8,363	23,805	5,355	2,463	7,818	31,623	39,037
Printing and postage	2,957	516	3,473	5,152	656	5,808	9,281	7,995
Insurance	-	-	-	16,968	-	16,968	16,968	30,464
Depreciation	-	-	-	13,298	-	13,298	13,298	13,298
Total	\$ 3,626,959	\$ 1,181,255	\$ 4,808,214	\$ 1,062,465	\$ 511,640	\$ 1,574,105	\$ 6,382,319	\$ 6,830,766

See Notes to Financial Statements

GLOBAL HEALTH CORPS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2019 AND 2018

	2019	2018
<i>Cash flows from Operating Activities</i>		
Change in net assets	\$ (974,717)	\$ (172,549)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	13,298	13,298
Receivable - Corporate, government, and foundation grants	28,557	1,717,334
Prepaid expenses	76,299	(4,978)
Other assets	26,406	(41,445)
Accounts payable and accrued expenses	(82,024)	205,735
Net cash provided by (used in) operating activities	(912,181)	1,717,395
<i>Cash flows from Financing Activities</i>		
Proceeds from line of credit	200,000	-
Repayments of line of credit	(200,000)	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash	(912,181)	1,717,395
Cash		
Beginning of year	2,213,746	496,351
End of year	\$ 1,301,565	\$ 2,213,746

Supplemental cash flow information:

For the years ended July 31, 2019 and 2018, the Organization paid \$1,545 and \$0 in interest on line of credit borrowings, respectively.

GLOBAL HEALTH CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

Note 1 - Description of Organization and Significant Accounting Policies

General information

Global Health Corps, Inc. (the "Organization") is a tax-exempt organization that operates as a voluntary health and welfare entity. The Organization's mission is to mobilize a diverse community of leaders to build the movement for global health equity. The organization envisions a world where every person lives a healthy, dignified life.

Management has evaluated subsequent events through the date of the auditor's report, the date the financial statements were available to be issued.

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Revenue recognition

Grants and contributions are recorded at fair value on the earlier of the receipt of cash or an unconditional promise to give. Contributions are recognized as public support pursuant to the terms of the gifts. Unless specifically restricted by the donor, all contributions are considered to be without donor restrictions. Noncash gifts are recorded at their fair value.

Three grantors accounted for 67% and 46% of total corporate, government and foundation grant revenue for the years ending July 31, 2019 and 2018, respectively.

Receivables

Corporate, government and foundation grants receivable are recorded at net realizable value. Total corporate and foundation grants receivable as of July 31, 2019 and 2018, were \$3,535,819 and \$3,564,376, respectively. One grantor accounted for approximately 54% and 35% of the Organization's total receivables as of July 31, 2019 and 2018, respectively.

GLOBAL HEALTH CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

Note 1 - Description of Organization and Significant Accounting Policies (cont'd)

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to more than one function. Expenditures classified as program services relate primarily to the tax-exempt purpose of the Organization. Expenditures classified as management and general relate primarily to administrative functions. All expenses are allocated in a manner that best reflects the actual costs associated with each function, primarily based on estimates of time and effort.

Recent accounting pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). Effective for financial statements with fiscal years beginning after December 15, 2017, ASU 2016-14 addresses the understandability of net asset classification, information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of the financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

Note 2 – Cash

	<u>2019</u>	<u>2018</u>
Interest bearing	\$ 200,110	\$ 527,935
Non-interest bearing	<u>1,101,455</u>	<u>1,685,811</u>
Total	<u>\$ 1,301,565</u>	<u>\$ 2,213,746</u>

At times throughout the years the Organization may have, on deposit in banks, amounts in excess of FDIC insurance limits. The Organization has not experienced any losses in such accounts and the Directors believe it is not exposed to any significant credit risks.

GLOBAL HEALTH CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

Note 3 - Availability of Financial Assets

The Organization's financial assets available within one year of the Statement of Financial Position date for expenditure are as follows:

	2019	2018
Financial assets at year end		
Cash	\$ 1,301,565	\$ 2,213,746
Accounts Receivable	3,535,819	3,564,376
Total financial assets	\$ 4,837,384	\$ 5,778,122
Less amounts not available to be used within one year:		
Accounts receivable with donor restrictions	1,263,645	1,074,729
Total amounts unavailable for general expenditures within one year	1,263,645	1,074,729
Total financial assets available for general expenditures within one year	\$ 3,573,739	\$ 4,703,393

Certain financial assets are subject to donor restrictions based on a specific time period or purpose. None of the other financial assets are subject to restrictions that make them unavailable for general expenditure within one year of the Organization's Statement of Financial Position date. As part of the Organization's liquidity management, financial assets without donor restrictions are structured to be available for general expenditures, liabilities, and other obligations as they come due.

During the year ended July 31, 2019, the Organization secured a credit line of \$500,000 which can be drawn upon without restriction in the event of an unanticipated liquidity need. As of July 31, 2019, there was no outstanding balance.

GLOBAL HEALTH CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

Note 4 - Property and equipment

	2019	2018
Furniture & equipment	\$ 269,306	\$ 269,306
Less accumulated depreciation	230,521	217,223
Property and equipment - net	\$ 38,785	\$ 52,083

Property and equipment is stated at cost or estimated fair value at date of donation. Depreciation expense for each of the years ended July 31, 2019 and 2018 was \$13,298, computed using the straight-line method over the estimated useful lives of the respective assets.

Expenditures for maintenance, repairs and minor renewals are charged to expenses as incurred; major renewals and betterments are capitalized.

Note 5 - Net assets

The net assets of the Organization are classified as without donor restrictions and with donor restrictions.

Net assets without donor restrictions are available for any purpose or obligation of the Organization.

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Note 6 - Fellow support

The Organization is party to Memorandums of Agreement with various nonprofit organizations and government agencies, which are united in their missions of increasing global health equity, which govern the roles and responsibilities of the nonprofit organization, Global Health Corps, and the fellow. Financial, supervisory and professional development support for the fellows as well as other aspects related to programming are specified in the terms of the agreements. Expenses relating to these agreements are included with program services and are recognized in the financial statements in the year the support is incurred.

GLOBAL HEALTH CORPS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2019 AND 2018

Note 7 - In-kind contributions and contributed services

Contributed services are recognized in the financial statements at their estimated fair value if the services received either create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

Contributed furniture and equipment is recorded at estimated fair value at the date of the donation as support and revenue without restrictions unless the use of such contributed assets is limited by a donor-imposed restriction.

During the years ended July 31, 2019 and 2018, the Organization received donated legal services, event services and other services and materials at an estimated fair value of \$127,432 and \$213,059, respectively.

Note 8 - Lease commitments

The Organization leases various office and housing space in the United States and Africa (Malawi, Rwanda, Uganda and Zambia) from unrelated organizations with expiration dates between September 30, 2019 to February 28, 2025.

Certain leases are cancellable by either party with specific advance notice.

Total occupancy expense for the years ended July 31, 2019 and 2018 was \$888,851 and \$933,726, respectively.

Total future minimum rental obligations for fiscal years ending July 31 are as follows:

2020	\$ 229,344
2021	235,077
2022	240,954
2023	260,334
2024	271,295
2025 and thereafter	<u>161,501</u>
Total	<u>\$ 1,398,505</u>

GLOBAL HEALTH CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2019 AND 2018

Note 9 - Prior year summarized information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, certain prior year summarized comparative information is presented in total and not by functional class. Such information does not include sufficient detail to constitute a presentation in conformity with the basis of accounting on which these financial statements were prepared. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2018, from which the summarized information was derived.

Note 10 - Tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and had obtained a favorable tax determination letter dated November 5, 2010. The Directors believe that the Organization is currently designed and operated in compliance with the requirements of the IRC.