

HEALTH GLOBAL ACCESS PROJECT, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2010

HEALTH GLOBAL ACCESS PROJECT, INC

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Paul Soobryan, *Certified Public Accountant*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Health Global Access Project, Inc

I have audited the accompanying statement of financial position of Health Global Access Project, Inc. as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year December 31, 2010. These financial statements are the responsibility of Health Global Access Project, Inc's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Global Access Project, Inc. as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Paul Soobryan*

New York, New York  
November 30, 2011

HEALTH GLOBAL ACCESS PROJECT, INC  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2010

<u>Assets</u>	
Cash	\$ 180,020
Contributions receivable	76,064
Prepaid expense	905
Property and equipment - net - notes 2 and 3	<u>2,074</u>
Total assets	<u>\$ 259,063</u>

Liability and Net Assets

<u>Liability</u>	
Accounts payable and accrued expenses	<u>\$ 10,191</u>
 <u>Net Assets</u>	
Unrestricted	204,149
Temporarily restricted	<u>44,723</u>
Total net assets	<u>248,872</u>
 Total liability and net assets	 <u>\$ 259,063</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and supports</u>			
Grants and contributions	\$ 90,658	304,279	394,937
Government grant		200,000	200,000
Service fee	29,000		29,000
Interest	584		584
Sub-total	<u>120,242</u>	<u>504,279</u>	<u>624,521</u>
Release from restriction:			
Satisfaction of program restriction	<u>564,556</u>	<u>(564,556)</u>	<u>-</u>
Total revenue	<u>684,798</u>	<u>(60,277)</u>	<u>624,521</u>
<u>Expenses</u>			
Program services	564,078		564,078
General and administration	28,311		28,311
Fundraising	<u>16,439</u>		<u>16,439</u>
Total expenses	<u>608,828</u>		<u>608,828</u>
Change in net assets	75,970	(60,277)	15,693
Net assets at beginning of year	<u>128,179</u>	<u>105,000</u>	<u>233,179</u>
Net assets at end of year	<u>\$ 204,149</u>	<u>44,723</u>	<u>248,872</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 220,991	8,011	13,351	242,353
Payroll taxes and fringes	<u>51,115</u>	<u>1,853</u>	<u>3,088</u>	<u>56,056</u>
Total personnel	272,106	9,864	16,439	298,409
Supplies	3,325	369		3,694
Telephone and internet access	59,260	1,209		60,469
Printing	3,548	394		3,942
Postage and shipping	2,365	263		2,628
Program expense	39,625			39,625
Re-grants	81,000			81,000
Consultants and professionals	12,000	14,115		26,115
Travel and accommodation	72,118			72,118
Meeting, event and networking	7,667			7,667
Retreat and staff development	5,667			5,667
Dues and fees	5,039	1,260		6,299
Depreciation		479		479
Miscellaneous	<u>358</u>	<u>358</u>		<u>716</u>
Total expenses	<u>\$ 564,078</u>	<u>28,311</u>	<u>16,439</u>	<u>608,828</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ <u>15,693</u>
<u>Adjustments to reconcile change in net assets to cash flows</u>	
Depreciation	479
Increase in contributions receivable	(55,968)
Increase in prepaid expense	(592)
Increase in accounts payable and accrued expenses	<u>3,641</u>
Total adjustment	<u>(52,440)</u>
Net cash used in operating activities	<u>(36,747)</u>
<u>Cash Flows From Investing Activities</u>	
Acquisition of fixed assets	<u>(1,589)</u>
Net decrease in cash	(38,336)
Cash at beginning of year	<u>218,356</u>
Cash at end of year	\$ <u><u>180,020</u></u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 1     Organization

Health Global Access Project, Inc (Health GAP) is a not-for-profit organization incorporated in the State of New York under Section 402 of the New York Not-For-Profit Corporation Law. Health GAP is a network of AIDS activists, academics, people living with HIV/AIDS, trade experts and citizens who believe that nothing should stand in the way of access to lifesaving medication. HGAP engages in leadership development, advocacy, organizing and detailed policy analysis geared towards eliminating barriers that limit global access to life-sustaining medicines to all people living with HIV/AIDS

Health GAP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar provision of the State code.

Note 2     Significant accounting policies  
Financial Statement Presentation

Health Gap's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The classification of Health Gap's net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by Health Gap is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Health Gap.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by Health Gap is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Health Gap pursuant to those stipulations. When such stipulations end or are fulfilled, such temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.



HEALTH GLOBAL ACCESS PROJECT, INC  
NOTES TO FINANCIAL STATEMENTS  
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Note 2 Significant accounting policies (continued)

Government Contract Revenue and related Receivable and Advance

Health Gap received grant contracts for stipulated services on a reimbursable basis from various government agencies. Cash not spent according to the contract agreement by the end of the contract term is recorded as advance, and expenses incurred for the service not yet reimbursed are recorded as receivable. Health Gap does not maintain any equity under contract grants. The acceptability of these amounts, as well as other expenditures of the program, is subject to final determination by the governmental funding source.

Cash and Cash Equivalents

Cash is primarily consisted of cash held in checking and saving accounts at major financial institutions. Health Gap considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the property and equipment. Health Gap capitalizes any asset they determine will be maintained for an extended period of time.

Equipment purchased with government-funded grants are charged as expenditures and included in the statement of activities and functional expenses in accordance with the provision of grant agreements. Those equipment are properties of the funding agencies and retained by Health Gap in the performance of Health Gap's programs and related activities.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, grants and contract and program fees receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

HEALTH GLOBAL ACCESS PROJECT, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 2 Significant accounting policies (continued)

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through November 30, 2011. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

In-Kind Contributions

Health GAP receives in-kind contributions of services from volunteers and space from another organization. However, due to difficulties in obtaining fair values for those donations, in kind contributions are not recorded on the financial statements.

Note 3 Property and Equipment

Property and equipment at December 31, 2010 consist of the following:

Equipment	\$ 3,193
Less - accumulated depreciation	<u>1,119</u>
Net	<u>\$ 2,074</u>

Total depreciation expense for the year was \$479.

Note 4 Temporarily restricted net assets

As of December 31, 2010, temporarily restricted net assets of \$44,723 were grants restricted for program purpose.

Note 5 Contingency

Government grants are subject to audits by funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, can not be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

Note 6 Concentration

Financial instruments that potentially subject Health GAP to concentration risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (“FDIC”) insures accounts at each institution. Currently, the FDIC insures accounts for up to \$250,000 per depositor. Management believes the exposure to credit risk is minimal.

Health GAP receives funding from one governmental agency which is subject to renewal. During the year, 32% of the funding was from this agency.

HEALTH GLOBAL ACCESS PROJECT, INC  
NOTES TO FINANCIAL STATEMENTS  
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Note 7 Functional allocation of expense

The costs of providing various program and supporting services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.