

HEALTH GLOBAL ACCESS PROJECT, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2019 AND 2018

HEALTH GLOBAL ACCESS PROJECT, INC.

Index

	<u>Page</u>
Independent Auditor's Report	1
Statements of financial position as of December 31, 2019 and 2018	2
Statements of activities for the years ended December 31, 2019 and 2018	3
Statement of expenses for the year ended December 31, 2019	4
Statement of expenses for the year ended December 31, 2018	5
Statements of cash flows for the years ended December 31, 2019 and 2018	6
Notes to financial statements	7 - 11



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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Health Global Access Project, Inc.

We have audited the accompanying financial statements of Health Global Access Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, expenses, and cash flows for the years 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 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 Health Global Access Project, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
October 14, 2020

**HEALTH GLOBAL ACCESS PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash	\$ 583,514	\$ 548,482
Contributions and other receivables	593,393	52,219
Prepaid expenses	31,348	187
Property and equipment, net	12,116	3,027
Security deposits & other assets	2,385	1,725
	\$ 1,222,756	\$ 605,640
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 26,595	\$ 32,629
Total liabilities	26,595	32,629
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	693,772	485,511
With donor restrictions	502,389	87,500
	1,196,161	573,011
Total liabilities and net assets	\$ 1,222,756	\$ 605,640

See accompanying notes to financial statements.

**HEALTH GLOBAL ACCESS PROJECT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 911,235	\$ 502,389	\$ 1,413,624	\$ 854,762	\$ 87,500	\$ 942,262
Contributions in-kind	-	-	-	9,500	-	9,500
Program service revenue	128,747	-	128,747	-	-	-
Interest income	216	-	216	189	-	189
Other income	3	-	3	52	-	52
Net assets released from restriction:						
Satisfaction of purpose restrictions	87,500	(87,500)	-	75,000	(75,000)	-
Expiration of time restrictions	-	-	-	10,000	(10,000)	-
Total net assets released from restriction	87,500	(87,500)	-	85,000	(85,000)	-
Total support and revenues	1,127,701	414,889	1,542,590	949,503	2,500	952,003
Expenses:						
Program services	667,337	-	667,337	560,438	-	560,438
Supporting services:						
Management and general	142,628	-	142,628	212,408	-	212,408
Fundraising	109,475	-	109,475	67,317	-	67,317
Total expenses	919,440	-	919,440	840,163	-	840,163
Increase/(Decrease) in net assets	208,261	414,889	623,150	109,340	2,500	111,840
Net assets, beginning of year	485,511	87,500	573,011	376,171	85,000	461,171
Net assets, end of year	<u>\$ 693,772</u>	<u>\$ 502,389</u>	<u>\$ 1,196,161</u>	<u>\$ 485,511</u>	<u>\$ 87,500</u>	<u>\$ 573,011</u>

See accompanying notes to financial statements.

**HEALTH GLOBAL ACCESS PROJECT, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Personnel costs:				
Staff salaries	\$ 262,777	\$ 42,469	\$ 66,358	\$ 371,604
Payroll taxes and benefits	78,617	12,439	19,437	110,493
Outside contractors	162,463	7,128	17,621	187,212
Total personnel costs	<u>503,857</u>	<u>62,036</u>	<u>103,416</u>	<u>669,309</u>
Direct expenses:				
Depreciation	-	1,973	-	1,973
Insurance	-	251	-	251
Office supplies & expenses	14,812	12,891	261	27,964
Postage & delivery	6	113	21	140
Printing	2,486	225	282	2,993
Professional fees	-	26,770	-	26,770
Rent	1,502	23,760	-	25,262
Supplies	1,355	432	38	1,825
Telephone and communications	1,186	7,139	-	8,325
Travel and meetings	137,278	6,195	5,457	148,930
Website	4,855	843	-	5,698
Total direct expenses	<u>163,480</u>	<u>80,592</u>	<u>6,059</u>	<u>250,131</u>
Total expenses	<u>\$ 667,337</u>	<u>\$ 142,628</u>	<u>\$ 109,475</u>	<u>\$ 919,440</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Personnel costs:				
Staff salaries	\$ 251,292	\$ 33,506	\$ 50,258	\$ 335,056
Payroll taxes and benefits	74,093	9,879	14,818	98,790
Outside contractors	122,325	63,956	850	187,131
Total personnel costs	<u>447,710</u>	<u>107,341</u>	<u>65,926</u>	<u>620,977</u>
Direct expenses:				
Depreciation	-	1,418	-	1,418
Grants to others	11,009	-	-	11,009
Insurance	-	2,876	-	2,876
Office supplies & expenses	5,685	11,153	461	17,299
Postage & delivery	71	321	560	952
Printing	457	330	-	787
Professional fees	-	35,679	-	35,679
Rent	56	21,628	-	21,684
Supplies	417	1,483	130	2,030
Telephone and communications	2,916	6,904	-	9,820
Travel and meetings	83,389	21,235	240	104,864
Website	8,728	2,040	-	10,768
Total direct expenses	<u>112,728</u>	<u>105,067</u>	<u>1,391</u>	<u>219,186</u>
Total expenses	<u>\$ 560,438</u>	<u>\$ 212,408</u>	<u>\$ 67,317</u>	<u>\$ 840,163</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 623,150	\$ 111,840
Adjustments for non-cash items included in operating activities:		
Depreciation	1,973	1,418
Changes in assets and liabilities:		
Contributions and other receivables	(541,174)	(52,153)
Prepaid expenses	(31,161)	157
Security deposits & other assets	(660)	-
Accounts payable and accrued expenses	(6,034)	(1,081)
Net cash provided/(used) by operating activities	46,094	60,181
Cash flows from investing activities:		
Purchase of property and equipment	(11,062)	(2,249)
Net cash provided/(used) by investing activities	(11,062)	(2,249)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	35,032	57,932
Cash at beginning of year	548,482	490,550
Cash at end of year	\$ 583,514	\$ 548,482

See accompanying notes to financial statements.

**HEALTH GLOBAL ACCESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Health Global Access Project, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on June 13, 2006. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions from individuals, foundations and corporations.

The purpose of the Organization is to promote access and mobilize grassroots support for policies and resources necessary to sustain access for people living with HIV/AIDS across the globe and to confront governmental policy makers, the pharmaceutical industry and international agencies when their policies block such access.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

On January 1, 2019, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The allowance for bad debt is maintained at a level that, in management's judgement, is adequate to absorb uncollectible receivables. All receivables are expected to be received and as such, no allowance for uncollectible receivables has been recorded as of December 31, 2019 and 2018.

HEALTH GLOBAL ACCESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Purchased property and equipment are stated at cost, less accumulated depreciation. Donated property and equipment are stated at fair value on the date of donation, less accumulated depreciation. Depreciation of equipment is computed by the straight-line method over estimated useful lives ranging from three to five years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

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. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

The Organization recognizes contributions when cash, a noncash asset, or an unconditional promise to give is received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as deferred revenue in the statements of financial position. As of December 31, 2019 and 2018, the Organization did not have any conditional pledges that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of consulting services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

**HEALTH GLOBAL ACCESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses and outside contractors based on estimated time and effort and other expenses, including office supplies and expenses and travel, based on usage. The Organization classifies expenses which are not directly related to a specific program as Management and General expenses.

Note 2 - Property and Equipment

Property and equipment consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 28,251	\$ 17,189
Less: Accumulated depreciation	(16,135)	(14,162)
	<u>\$ 12,116</u>	<u>\$ 3,027</u>

Note 3 - Contributions and Other Receivables

As of December 31, 2019 and 2018, contributions and other receivables are expected to be received in the following periods:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 443,393	\$ 52,219
Between one and two years	<u>150,000</u>	<u>-</u>
	<u>\$ 593,393</u>	<u>\$ 52,219</u>

Due to low interest rates on December 31, 2019, management has determined that it was not necessary to record a discount on long-term receivables because the discount would be immaterial.

Note 4 - Contributions In-Kind

Services were donated to the Organization and met the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statements of activities for the years ended December 31, 2019 and 2018, amounted to \$0 and \$9,500, respectively, and consisted of donated consulting services.

**HEALTH GLOBAL ACCESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Net Assets With Donor Restrictions

As of December 31, 2019 and 2018, net assets with donor restrictions are available as follows:

	<u>2019</u>	<u>2018</u>
Global HIV response project	\$ -	\$ 75,000
Health justice and accountability project	-	12,500
Public policy on global pandemics project	25,705	-
2020 activities	150,000	-
Ugandan reproductive rights project	<u>326,684</u>	<u>-</u>
	<u>\$ 502,389</u>	<u>\$ 87,500</u>

Note 6 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during 2019 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Technical assistance consulting	\$ 128,747	\$ -

Note 7 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 583,514	\$ 548,482
Contributions and other receivables	<u>593,393</u>	<u>52,219</u>
Total financial assets	1,176,907	600,701
Less those unavailable for general expenditures within one year:		
Receivables scheduled to be collected in more than one year	(150,000)	(-)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,026,907</u>	<u>\$ 600,701</u>

HEALTH GLOBAL ACCESS PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8 - Concentrations

The Organization maintains its cash in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts exceeded the limits during the years ended December 31, 2019 and 2018.

For the year ended December 31, 2019, approximately 68% of the Organization's total support was provided by three major contributors. For the year ended December 31, 2018, approximately 77% of the Organization's total support was provided by three major contributors. Each of these contributors gave over 15% individually for each of the years ended December 31, 2019 and 2018. It is always possible that benefactors, grantors, or contributors might be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing their programs at the same level of service would be greatly diminished.

Note 9 - Related Party Transactions

During the year ended December 31, 2019, three members of the Organization's board of directors received a total of \$196,849 in salary as compensation for services provided to the Organization as officers. During the year ended December 31, 2018, two members of the Organization's board of directors received a total of \$196,357 in salary as compensation for services provided to the Organization as officers.

Note 10 - Retirement Plan

In January 2018, the Organization adopted a 401(k) defined contribution plan (Plan). Any employee age 21 and over is eligible to participate in the Plan. The Organization may make matching contributions on behalf of participating employees, but is not required to do so. For the years ended December 31, 2019 and 2018, the Organization did not make any matching contributions towards the Plan.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 14, 2020, which is the date the financial statements were available to be issued.