



Financial Statements

For the Year Ended

June 30, 2019

With Independent Auditors' Report Thereon

INTEGRATE HEALTH INC.

(A Massachusetts Not-For-Profit Corporation)
June 30, 2019

Background

Integrate Health Inc. is a Massachusetts tax-exempt, non-profit corporation founded in 2004. The mission of Integrate Health Inc. is to end preventable deaths and improve access to quality primary healthcare delivery in low resource communities by providing technical and financial support to non-governmental organizations and associations, as well as governments dedicated to improving the health of their communities. Integrate Health is funded through individual donations and grants and expends funds domestically and internationally. Integrate Health's main US office is located in New York, New York.

Board of Directors

Name	Office
Robert Heine	President
Brian Naylor	Treasurer
Mary Kelly Rossow	Clerk
Lauren Dockweiler	Asst. Clerk
Dr. Meskerem Grunitzky Bekele	Director
Jacquelyn Ganger	Director
Charlie Gillig	Director
Lisa Hirschhorn	Director
Gordon Krefting	Director
Jonathan Lascher	Director
Julie Lewis	Director
Claire Qureshi	Director
Nafeesa Remtilla	Director
Casey Whitsett	Director

Jennifer Schechter

CEO

Patrick Aylward

COO

INTEGRATE HEALTH INC.

(A Massachusetts Not-For-Profit Corporation)
June 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors Integrate Health Inc.

We have audited the accompanying financial statements of Integrate Health Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Integrate Health Inc. as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited Integrate Health Inc.'s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Danville, California
December 6, 2019**

Regalia & Associates

INTEGRATE HEALTH, INC.**Statements of Financial Position
June 30, 2019 and 2018****ASSETS**

	2019	2018
Current assets:		
Cash and cash equivalents	\$ 2,134,389	\$ 1,042,027
Accounts receivable	275,006	485
Grants and pledges receivable	1,957,500	1,012,000
Deposits and other assets	42,069	40,893
Total current assets	<u>4,408,964</u>	<u>2,095,405</u>
Noncurrent assets:		
Right of use asset: premises	18,060	-
Property and equipment, net	118,580	22,546
Total noncurrent assets	<u>136,640</u>	<u>22,546</u>
	<u>\$ 4,545,604</u>	<u>\$ 2,117,951</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 125,370	\$ 29,203
Operating lease payable - current portion	13,076	-
Total current liabilities	<u>138,446</u>	<u>29,203</u>
Noncurrent liabilities:		
Operating lease payable - noncurrent portion	4,984	-
Total liabilities	<u>143,430</u>	<u>29,203</u>
Net assets:		
Without donor restrictions:		
Operating	807,987	682,986
Board-designated for Reserve Fund	851,982	271,969
Total net asses without donor restrictions	<u>1,659,969</u>	<u>954,955</u>
With donor restrictions	2,742,205	1,133,793
Total net assets	<u>4,402,174</u>	<u>2,088,748</u>
	<u>\$ 4,545,604</u>	<u>\$ 2,117,951</u>

INTEGRATE HEALTH, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019
(with Summarized Financial information for the Year Ended June 30, 2018)

	Net Assets		2019 Total	2018 Total
	Without Donor Restrictions	With Donor Restrictions		
<i>Changes in net assets:</i>				
Contributed support:				
Foundations and trusts	\$ 626,000	\$ -	\$ 626,000	\$ 1,121,040
Individuals	137,513	-	137,513	217,127
Campaigns	26,522	-	26,522	107,829
Grants	-	3,452,729	3,452,729	1,747,102
In-kind contributions	755	-	755	427,795
Other income	6,844	-	6,844	90
Net assets released from restrictions	1,844,317	(1,844,317)	-	-
Total contributed support	2,641,951	1,608,412	4,250,363	3,620,983
Expenses:				
Programs	1,535,884	-	1,535,884	1,597,626
General and administrative	199,522	-	199,522	104,333
Fundraising	201,531	-	201,531	201,391
Total expenses	1,936,937	-	1,936,937	1,903,350
Increase in net assets	705,014	1,608,412	2,313,426	1,717,633
Net assets at beginning of year	954,955	1,133,793	2,088,748	357,714
Prior period adjustment	-	-	-	13,401
Net assets at end of year	\$ 1,659,969	\$ 2,742,205	\$ 4,402,174	\$ 2,088,748

INTEGRATE HEALTH, INC.

Statements of Cash Flows For the Years Ended June 30, 2019 and 2018

	2019	2018
<i>Operating activities:</i>		
Increase in net assets	\$ 2,313,426	\$ 1,704,232
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	13,836	5,962
Loss on foreign currency translation	25,100	36,334
Adjustment to beginning net assets	-	13,401
Changes in:		
Accounts receivable	(274,521)	3,156
Pledges and grants receivable	(945,500)	(1,012,000)
Deposits and other assets	(26,276)	(71,461)
Accounts payable and accrued liabilities	96,167	25,993
Other liabilities	-	(144,268)
Cash provided by operating activities	1,202,232	561,349
<i>Investing activities:</i>		
Recording of right of use asset: premises	(18,060)	-
Acquisition of property and equipment	(109,870)	(7,595)
Cash used for investing activities	(127,930)	(7,595)
<i>Financing activities:</i>		
Recording of operating lease payable	18,060	-
Cash provided by financing activities	18,060	-
Increase in cash and cash equivalents	1,092,362	553,754
Cash and cash equivalents at beginning of year	1,042,027	488,273
Cash and cash equivalents at end of year	\$ 2,134,389	\$ 1,042,027
<i>Additional cash flow information:</i>		
Property and state registration taxes paid	\$ 175	\$ 175
Interest paid	\$ -	\$ -

INTEGRATE HEALTH, INC.

Statement of Functional Expenses For the Year Ended June 30, 2019

(with Summarized Financial information for the Year Ended June 30, 2018)

	Program	General and Admin- istrative	Fund- raising	2019 Total	2018 Total
Business development	\$ 1,089	\$ -	\$ 15,878	\$ 16,967	\$ 1,282
Clinic infrastructures	17,380	-	-	17,380	211,625
Consumables and supplies	407,090	-	-	407,090	232,961
Contracts for services	51,869	-	-	51,869	31,118
Facility and equipment	20,131	11,782	-	31,913	453,729
Office and related expenses	30,549	2,495	1,637	34,681	93,851
Other expenses	19,698	28,447	428	48,573	73,817
Personnel expenses	528,333	79,649	176,513	784,495	509,937
Professional services and other fees	102,004	77,149	3,058	182,211	67,623
Support for other organizations	224,933	-	-	224,933	142,527
Travel and meeting expenses	97,968	-	4,017	101,985	84,136
Vehicle maintenance	34,840	-	-	34,840	744
Totals	\$ 1,535,884	\$ 199,522	\$ 201,531	\$ 1,936,937	\$ 1,903,350

Notes to Financial Statements June 30, 2019

1. Organization

Integrate Health is a Massachusetts tax-exempt, non-profit corporation founded in 2004, with headquarters in New York. The mission of Integrate Health is to end preventable deaths and improve access to quality primary healthcare delivery in low resource communities by providing technical and financial support to non-governmental organizations and associations, as well as to governments dedicated to improving the health of their communities. Integrate Health is funded through individual donations and grants and expends funds domestically and internationally.

The organization's programs include (a) Primary healthcare delivery where Integrate Health implements an integrated healthcare approach in four public health centers serving a total population of 40,000 and (b) an HIV program where Integrate Health supports the Association Espoir pour Demain (AED-Lidaw) to deliver comprehensive care to roughly 2,000 individuals living with HIV through clinics and hospitals.

2. Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of Integrate Health have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Integrate Health's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Integrate Health's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of inception.

Concentrations of Credit Risk – Financial instruments that potentially subject Integrate Health to concentrations of credit risk consist principally of cash and cash equivalents and deposits. Integrate Health maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Integrate Health manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, Integrate Health has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Integrate Health's mission.

Receivables and Credit Policies - Integrate Health determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine the proper carrying value.

**Notes to Financial Statements
June 30, 2019**

2. Summary of Significant Accounting Policies *(continued)*

Accounts, Grants, and Pledges Receivable - Integrate Health records accounts, grants, and pledges receivable which are expected to be collected within one year at net realizable value. When material, grants and pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions which market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue on the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Integrate Health classifies assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

**Notes to Financial Statements
June 30, 2019**

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment - Property and equipment purchased by Integrate Health are stated at cost. Property and equipment donated to Integrate Health are recorded at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the assets (between three and five years) utilizing the straight-line method.

Income Taxes - Financial statement presentation follows the recommendations of *ASC 740, Income Taxes*. Under ASC 740, Integrate Health is required to report information regarding its exposure to various tax positions taken by Integrate Health and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that Integrate Health has adequately evaluated its current tax positions and has concluded that as of June 30, 2019 and 2018, Integrate Health does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Integrate Health has received notification from the Internal Revenue Service and the states of California, Massachusetts, and New York that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and applicable regulations in accordance with the various states. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Integrate Health continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Integrate Health may periodically receive unrelated business income requiring Integrate Health to file separate tax returns under federal and state statutes. Under such conditions, Integrate Health calculates and accrues the applicable taxes.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Thus, 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. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve, and it has opted to do so as of June 30, 2019 and 2018.

Net Assets With Donor Restrictions: Net assets subject to donor-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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Notes to Financial Statements
June 30, 2019**

2. Summary of Significant Accounting Policies *(continued)*

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Revenue Recognition - Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Donated Services and In-Kind Contributions - Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statements of functional expenses.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance, and other overhead) have been allocated based on time and effort using Integrate Health's payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Comparative Financial Information - The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2018, from which the summarized information was derived

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2019

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued Accounting Standards Update (*ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Integrate Health has adjusted the presentation of these statements accordingly.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of December 6, 2019 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that Integrate Health has the ability to continue as a going concern.

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. When applicable, Integrate Health will incorporate these clarifying standards within the audited financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at June 30:

	2019	2018
Checking account-domestic operations (noninterest-bearing)	\$ 230,520	\$ 106,515
Checking account-domestic operations (interest-bearing)	718,703	471,197
Checking account-foreign operations (noninterest-bearing)	333,166	188,643
Business market savings (interest-bearing)	851,982	271,969
Petty cash and other (noninterest-bearing)	17	3,703
Total cash and cash equivalents	<u>\$ 2,134,388</u>	<u>\$ 1,042,027</u>

Funds on deposit in certain accounts bear interest at rates ranging from 0.25% to 0.35% per annum at June 30, 2019 and 2018. Domestic deposits may exceed federally insurance limits. Integrate Health minimizes its credit risk associated with cash equivalents in the United States by utilizing highly rated financial institutions.

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2019

4. Grants and Pledges Receivables

Grants and pledges receivable of \$1,957,500 and \$1,012,000 at June 30, 2019 and 2018, respectively, consist of amounts due from various foundations. Integrate Health uses the direct write-off method with regards to grants and pledges receivable which are deemed to be uncollectible. There were no bad debt write-offs involving grants and pledges receivable for the years ended June 30, 2019 and 2018. Management has evaluated the grants and pledges receivable as of June 30, 2019 and determined that such amounts are fully collectible based on the financial strength of the donor involved.

5. Deposits and Other Assets

Deposits and other assets consist primarily of various security deposits with facilities and suppliers and are comprised of the following at June 30:

	2019	2018
Contract deposit	\$ -	\$ 37,010
Facility security deposits	9,561	5,184
Travel, fundraising events	4,396	(1,301)
Inventory	28,112	-
Total prepaid expenses and other current assets	\$ 42,069	\$ 40,893

6. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2019 is as follows:

	Totals	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,134,388	\$ 2,134,388	\$ -	\$ -
Accounts receivable	275,006	-	275,006	-
Grants and pledges receivable	1,957,500	-	1,957,500	-
Totals	\$ 4,366,894	\$ 2,134,388	\$ 2,232,506	\$ -

Composition of assets utilizing fair value measurements at June 30, 2018 is as follows:

	Totals	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,042,027	\$ 1,042,027	\$ -	\$ -
Accounts receivable	485	-	485	-
Pledges and grants receivable	1,012,000	-	1,012,000	-
Totals	\$ 2,054,512	\$ 1,042,027	\$ 1,012,485	\$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active mar-

(continued)

**Notes to Financial Statements
June 30, 2019**

6. Fair Value Measurements *(continued)*

ket prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on “unobservable inputs,” such as a company’s own estimates and pricing models. Integrate Health had no assets classified as Level 3 at June 30, 2019 and 2018.

7. Liquidity

Integrate Health regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Integrate Health has various sources of liquidity at its disposal, including cash and cash equivalents and other sources (including the future collection of receivables).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Integrate Health considers all expenditures related to its mission, as well as the conduct of services undertaken, to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, Integrate Health anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets held by Integrate Health and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 2,134,388
Accounts receivable	275,006
Grants and pledges receivable	<u>1,957,500</u>
Total financial assets	4,366,894
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	<u>(2,161,803)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,205,091</u>

Integrate Health receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Integrate Health must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of Integrate Health’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2019

8. Property and Equipment

Property and equipment consist of the following at June 30, 2019 and 2018:

	2019		2018
Computers	\$ 8,127	\$	1,122
Equipment	16,058		14,718
Vehicles	109,905		8,380
Less: accumulated depreciation	(15,510)		(1,674)
Property and equipment, net	\$ 118,580	\$	22,546

Depreciation expense amounted to \$13,836 and \$5,962 for the years ended June 30, 2019 and 2018, respectively.

9. Right of Use Asset and Leases

In accordance with *ASU 2016-02, Leases*, Integrate Health is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. Accordingly, Integrate Health has recorded a total lease liability in the amount of \$18,060 for its facilities (split between current amount of \$13,076 and noncurrent amount of \$4,984) and a corresponding right of use asset for the premises in the amount of \$18,060. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of June 30, 2019 was 4.0%.

As of June 30, 2019, Integrate Health leases its corporate office space in New York under a one-year operating lease with an effective date of May 1, 2019 and expiring May 1, 2020. The agreement specifies a monthly rental payment of \$1,896 as of June 30, 2019.

Integrate Health also leases space in Lome and Kara, Togo under multi-year operating leases with effective dates ranging from July 1, 2019 and expiring through December 10, 2020.

As of June 30, 2019, future minimum lease payments representing the amortized principal balance of the lease liability are as follows: Year ending June 30, 2020: \$32,456; and Year ending June 30, 2021: \$5,475.

Rent expense for all leases amounted to \$37,191 and \$24,716 for the years ended June 30, 2019 and 2018, respectively.

10. Retirement Plan

Integrate Health offers employees the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 401(k). This plan covers employees who have satisfied plan requirements for eligibility. During the year ended June 30, 2019, Integrate Health made employer-matching contributions of \$8,798. There were no employer contributions for the year ended June 30, 2018.

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2019

11. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions (previously unrestricted net assets) of \$1,659,969 and \$954,955 at June 30, 2019 and 2018, respectively, represent the cumulative operating surpluses of Integrate Health since its inception. Board designated funds amounted to \$851,982 and \$271,969 at June 30, 2019 and 2018, respectively, and have been carved out of net assets without donor restrictions by the Board to establish future reserves for the organization's operating activities.

Net Assets With Donor Restrictions

Integrate Health Inc. recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>		<u>2018</u>
Segal Family Foundation	\$ 74,389	\$	188,889
Crown Family Foundation	-		25,000
Vitol Foundation	235,000		450,000
Child Relief International	300,000		400,000
World Centric Impact Giving	-		33,237
DAK Foundation	111,673		36,667
Wagner Foundation	200,000		-
Dining for Women	50,000		-
Peery Foundation	200,000		-
Cartier Philanthropies	400,000		-
Noorda Foundation	750,000		-
Planet Wheeler	25,500		-
Jascha Hoffman	113,750		-
Other program restrictions	281,893		-
Total net assets with donor restrictions	<u>\$ 2,742,205</u>	\$	<u>1,133,793</u>

During the years ended June 30, 2019 and 2018, Integrate Health received donor restricted contributions of \$3,452,729 and \$1,747,102, respectively. Net assets released from restrictions amounted to \$1,844,317 and \$613,309 for the years ended June 30, 2019 and 2018, respectively.

12. In-Kind Contributions

Integrate Health recognizes donated materials which create and enhance non-financial assets or that require specialized skills. During the year ended June 30, 2019 and 2018, Integrate Health was the recipient of certain in-kind contributions which satisfied the provisions of ASC 958.605.30-11 and these donated services, materials, facilities were recorded at their estimated fair market values as program and supporting revenues and expenses. The values of these contributions as reflected on the statement of activities and changes in net assets amounted to \$755 and \$427,795 for the years ended June 30, 2019 and 2018, respectively.

**Notes to Financial Statements
June 30, 2019**

13. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts related to ongoing operational activities, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Contractual restrictions and donor conditions which obligate Integrate Health to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond Integrate Health's control, such as general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

14. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, Integrate Health is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. Accrued payroll liabilities amounted to \$15,889 and \$12,990 at June 30, 2019 and 2018, respectively, and are included with accounts payable and accrued liabilities on the statements of financial position.

15. Prior Period Adjustment

The statement of activities and changes in net assets reflects a beginning unrestricted net asset balance of \$357,714 at June 30, 2017. As a result of Integrate Health's termination of its memorandum of understanding with AED (an unrelated entity), and for other reasons, a prior period adjustment in the amount of \$13,401 has been recorded. This adjustment is reflected as an increase in unrestricted net assets on the statement of activities and changes in net assets.

16. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Integrate Health has evaluated subsequent events through December 6, 2019, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.