



Financial Statements

For the Year Ended

June 30, 2018

With Independent Auditors' Report Thereon

INTEGRATE HEALTH INC.

(A Massachusetts Not-For-Profit Corporation)
June 30, 2018

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
Patrick Aylward	Vice President
Brian Naylor	Treasurer
Gavin Oxman	Asst. Treasurer
Mary Kelly Rossow	Clerk
Lauren Dockweiler	Asst. Clerk
Claire Qureshi	Director
Lisa Hirschhorn	Director
Jonathan Lascher	Director
Charlie Gillig	Director
Casey Whitsett	Director
Gordon Krefting	Director
Dr. Meskerem Grunitzky Bekele	Director
Aimee de la Houssaye	Director

Executive Director

Jennifer Schechter

Controller

Joe Gichuki

INTEGRATE HEALTH INC.

(A Massachusetts Not-For-Profit Corporation)
June 30, 2018

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INTEGRATE HEALTH INC. OFFICE

P.O. Box 605
Medway, Massachusetts 02053
508-533-4012
Email: info@integratehealth.org
Web Site Address: www.integratehealth.org

Index



OFFICE: 925.314.0390
WEB: WWW.MRCPA.COM

C E R T I F I E D P U B L I C A C C O U N T A N T S
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
MALEEHA MAHMOOD
ANITA EVANS
DANA CHAVARRIA, CPA
TRICIA WILSON
VALERIE REGALIA, CPA
WENDY THOMAS, CPA
JANICE TAYLOR, CPA
RACHEL BERGER, CPA
KIM CHAVARRIA
MARIANNE RYAN

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, 2018 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, 2018, 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.

*Danville, California
March 30, 2019*

Regalia & Associates

INTEGRATE HEALTH, INC.

Statement of Financial Position June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,042,027
Accounts receivable	485
Pledges and grants receivable	1,012,000
Deposits and other assets	40,893
Total current assets	<u>2,095,405</u>

Noncurrent assets:

Property and equipment, net	<u>22,546</u>
Total noncurrent assets	<u>22,546</u>
	<u>\$ 2,117,951</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued liabilities	\$ 29,203
Total liabilities	<u>29,203</u>

Net assets:

Unrestricted:

Operating	682,986
Board-designated for Reserve Fund	271,969
Total unrestricted	<u>954,955</u>
Temporarily restricted	1,133,793
Total net assets	<u>2,088,748</u>

\$ 2,117,951

INTEGRATE HEALTH, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018**

<i>Changes in net assets:</i>	Temporarily		Total
	Unrestricted	Restricted	
Contributed support:			
Foundations and trusts	\$ 1,121,040	\$ -	\$ 1,121,040
Individuals	217,127	-	217,127
Campaigns	107,829	-	107,829
Grants	-	1,747,102	1,747,102
In-kind contributions	427,795	-	427,795
Other income	90	-	90
Net assets released from restrictions	613,309	(613,309)	-
Total contributed support	2,487,190	1,133,793	3,620,983
Expenses:			
Programs	1,597,626	-	1,597,626
General and administrative	104,333	-	104,333
Fundraising	201,391	-	201,391
Total expenses	1,903,350	-	1,903,350
Increase in net assets	583,840	1,133,793	1,717,633
Net assets at beginning of year	357,714	-	357,714
Prior period adjustment	13,401	-	13,401
Net assets at end of year	\$ 954,955	\$ 1,133,793	\$ 2,088,748

INTEGRATE HEALTH, INC.

Statement of Cash Flows For the Year Ended June 30, 2018

Operating activities:

Increase in net assets	\$ 1,717,633
Adjustments to reconcile to cash provided by (used for) operating activities:	
Depreciation	5,962
Changes in:	
Accounts receivable	3,156
Pledges and grants receivable	(1,012,000)
Inventories	
Deposits and other assets	(35,127)
Accounts payable and accrued liabilities	25,993
Other liabilities	(144,268)
Cash provided by operating activities	<u>561,349</u>

Investing activities:

Acquisition of property and equipment	(7,595)
Cash used for investing activities	<u>(7,595)</u>
Increase in cash and cash equivalents	553,754
Cash and cash equivalents at beginning of year	<u>488,273</u>
Cash and cash equivalents at end of year	<u>\$ 1,042,027</u>

Additional cash flow information:

Property and state registration taxes paid	<u>\$ 175</u>
Interest paid	<u>\$ -</u>

INTEGRATE HEALTH, INC.**Statement of Functional Expenses
For the Year Ended June 30, 2018**

	Program	General and Admin- istrative	Fund- raising	Total
Business development	\$ -	\$ -	\$ 1,282	\$ 1,282
Clinic infrastructures	211,625	-	-	211,625
Consumables and supplies	232,961	-	-	232,961
Contracts for services	31,118	-	-	31,118
Facility and equipment	452,229	1,500	-	453,729
Office and related expenses	88,881	2,390	2,580	93,851
Other expenses	8,687	39,809	25,321	73,817
Personnel expenses	350,167	11,425	148,345	509,937
Professional services and other fees	1,500	48,788	17,335	67,623
Support for other organizations	142,527	-	-	142,527
Travel and meeting expenses	77,187	421	6,528	84,136
Vehicle maintenance	744	-	-	744
Totals	\$ 1,597,626	\$ 104,333	\$ 201,391	\$ 1,903,350

Notes to Financial Statements June 30, 2018

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 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 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.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, Integrate Health Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Foreign Operations

Integrate Health operates a functioning office in Togo, a country in West Africa. The financial activity of the Togo office are included in these financial statements. Prior to January 1, 2018, the Togo office worked with a third party organization (AED) under a memorandum of understanding. This arrangement with AED was terminated effective December 31, 2017.

Revenue and Support Recognition

Integrate Health Inc. records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions, donations and grants restricted by the donor for particular purposes are deemed to be earned and are reported as revenue and support when Integrate Health Inc. has incurred expenditures in compliance with the specific restrictions. Such amounts received or receivable but not yet earned are included as temporarily restricted net assets on the statements of financial position.

Uses 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 certain reported amounts 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 reported period. Accordingly, actual results could differ from those estimates.

**Notes to Financial Statements
June 30, 2018**

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. Cash equivalents include short-term interest-bearing investments in money market and liquid asset accounts. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Receivables

Pledges and grants receivable are recorded when the pledges and grants are made and are stated at estimated net realizable value and amounted to \$1,012,000 at June 30, 2018. Management has not established an allowance for doubtful accounts because it believes all amounts will be fully realized.

Property and Equipment

Property and equipment purchased by Integrate Health Inc. is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment donated to Integrate Health Inc. is recorded at estimated fair value as of the date of the gift. The cost of additions and major improvements are capitalized, while maintenance and repairs are charged to expense.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, Integrate Health Inc. is required to report information regarding its exposure to various tax positions taken by Integrate Health Inc. 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 Inc. has adequately evaluated its current tax positions and has concluded that as of June 30, 2018, Integrate Health Inc. does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

Integrate Health Inc. 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 Inc. continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. Integrate Health Inc. may periodically receive unrelated business income requiring Integrate Health Inc. to file separate tax returns under federal and state statutes. Under such conditions, Integrate Health Inc. calculates and accrues the applicable taxes.

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2018

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

Functional Allocation of Expenses

The costs of providing Integrate Health Inc.'s various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets

Integrate Health Inc. reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors has also elected certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board.

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, 2018:

Checking account-domestic operations (noninterest-bearing)	\$	106,515
Checking account-domestic operations (interest-bearing at 0.25% per annum)		471,197
Checking account-foreign operations (noninterest-bearing)		188,643
Business market savings (interest-bearing at 0.35% per annum)		271,969
Petty cash and other (noninterest-bearing)		3,703
Total cash and cash equivalents	\$	<u>1,042,027</u>

As noted above, funds on deposit in certain accounts bear interest at rates ranging from 0.25% to 0.35% per annum at June 30, 2018. At certain times during the year, domestic deposits may exceed federally insured limits. Integrate Health Inc. attempts to minimize 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, 2018

4. 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, 2018:

Contract deposit	\$	37,010
Facility security deposits		5,184
Other		(1,301)
Total deposits and other assets	\$	<u>40,893</u>

5. Property and Equipment

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

Computers	\$	1,122
Equipment		14,718
Vehicles		8,380
Less: accumulated depreciation		(1,674)
Property and equipment, net	\$	<u>22,546</u>

Depreciation expense amounted to \$5,962 for the year ended June 30, 2018.

6. Leases

Integrate Health Inc. leases office space and housing for various directors in Africa. Integrate Health Inc. also rents its corporate office space under a separate month-to-month operating leases. A summary of all of Integrate Health Inc.'s lease agreements at June 30, 2018 is as follows:

<u>Description</u>	<u>Payment</u>	<u>Frequency</u>	<u>Lease Term</u>
Office lease - US	\$ 500	Monthly	Month-to-month
Office Lease - Lome	\$ 267	Monthly	Expires August 1, 2018
Office Lease - Kara	\$ 713	Monthly	Expires December 31, 2020
Various apartments	Varies	Monthly	various

Rent expense for all leases amounted to \$24,716 for the year ended June 30, 2018. Minimum annual payments on all operating leases with written agreements extending beyond one year are as follows: **Year Ending June 30, 2019: \$13,736; Year Ending June 30, 2020: \$13,469; and Year Ending June 30, 2021: \$5,505.**

INTEGRATE HEALTH INC.

Notes to Financial Statements June 30, 2018

7. Temporarily Restricted Net Assets

Integrate Health Inc. recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at June 30, 2018:

Segal Family Foundation	\$	188,889
Crown Family Foundation		25,000
Vitol Foundation		450,000
Child Relief International		400,000
World Centric Impact Giving		33,237
DAK Foundation		36,667
Total temporarily restricted net assets	\$	<u>1,133,793</u>

During the year ended June 30, 2018, contributions of temporarily restricted net assets amounted to \$1,747,102. Net assets released from restriction (and transferred to unrestricted support) amounted to \$613,309 during the year ended June 30, 2018.

8. In-Kind Contributions

Integrate Health Inc. recognizes donated materials which create and enhance non-financial assets or that require specialized skills. During the year ended June 30, 2018, Integrate Health Inc. 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 \$412,795 for the year ended June 30, 2018.

9. 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 Inc. to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond Integrate Health Inc.'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.

**Notes to Financial Statements
June 30, 2018**

10. 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 Inc. 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 \$12,990 at June 30, 2018.

11. 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 (see footnote 2), and for other reasons, a prior period adjustment in the amount of \$13,401 has been recorded. This adjustment increased unrestricted net assets.

12. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Integrate Health has evaluated subsequent events through March 30, 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.