



INTEGRATE HEALTH, INC.

Financial Statements

**For the years ended
June 30, 2020 and 2019**
With Independent Auditors' Report Thereon

Integrate Health Inc.

(A Massachusetts Not-for-Profit Corporation)
June 30, 2020

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
Julie Lewis	Vice President
Brian Naylor	Treasurer
Mary Kelly Rossow	Secretary
Lauren Dockweiler	Director
Dr. Meskerem Grunitzky Bekele	Director
Jacquelyn Ganger	Director
Charlie Gillig	Director
Teresa Hillis	Director
Lisa Hirschhorn	Director
Gordon Krefting	Director
Jonathan Lascher	Director
Yasmin Madan	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, 2020

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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 statements of financial position as of June 30, 2020 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, 2020, and the changes in its net assets 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 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 30, 2020

Regalia & Associates

Integrate Health Inc.

**Statements of Financial Position
June 30, 2020 and 2019**

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 4,155,347	\$ 2,092,896
Accounts receivable	2,274	361
Grants and pledges receivable	1,755,430	2,232,506
Deposits and other assets	135,417	83,201
Total current assets	6,048,468	4,408,964
Noncurrent assets:		
Right of use asset - premises	22,475	18,060
Property and equipment, net	186,506	118,580
Total noncurrent assets	208,981	136,640
	\$ 6,257,449	\$ 4,545,604

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 75,919	\$ 106,614
Accrued payroll liabilities	28,777	18,756
Loan payable to SBA under the Paycheck Protection Program	82,300	-
Refundable advances	16,667	-
Operating lease payable - current portion	15,002	13,076
Total current liabilities	218,665	138,446
Noncurrent liabilities:		
Operating lease payable - noncurrent portion	5,421	4,984
Total liabilities	224,086	143,430
Net assets:		
Without donor restrictions:		
Operating	1,743,897	807,987
Board-designated for Reserve Fund	1,330,408	851,982
Cumulative translation adjustment	23,464	-
Total net assets without donor restrictions	3,097,769	1,659,969
With donor restrictions	2,935,594	2,742,205
Total net assets	6,033,363	4,402,174
	\$ 6,257,449	\$ 4,545,604

Integrate Health Inc.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(with Summarized Financial information for the Year Ended June 30, 2019)

	Net Assets		2020	2019
	Without Donor	With Donor		
	Restrictions	Restrictions		
<i>Changes in net assets:</i>				
Contributed support:				
Foundations and trusts	\$ 1,319,407	\$ -	\$ 1,319,407	\$ 626,000
Individuals	467,189	-	467,189	137,513
Campaigns	11,620	-	11,620	26,522
Conditional grant adjustment	(41,667)	-	(41,667)	-
Grants	-	3,470,710	3,470,710	3,452,729
In-kind contributions	22,723	-	22,723	755
Translation adjustment	140	-	140	-
Interest and other income	27,400	-	27,400	6,844
Net assets released from restrictions	3,277,321	(3,277,321)	-	-
Total contributed support	5,084,133	193,389	5,277,522	4,250,363
Expenses:				
Programs	3,120,107	-	3,120,107	1,535,884
General and administrative	254,628	-	254,628	199,522
Fundraising	295,062	-	295,062	201,531
Total expenses	3,669,797	-	3,669,797	1,936,937
Increase in net assets	1,414,336	193,389	1,607,725	2,313,426
Net assets at beginning of year	1,659,969	2,742,205	4,402,174	2,088,748
Cumulative translation adjustment	23,464	-	23,464	-
Net assets at end of year	\$ 3,097,769	\$ 2,935,594	\$ 6,033,363	\$ 4,402,174

Integrate Health Inc.

**Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<i>Operating activities:</i>		
Increase in net assets	\$ 1,607,725	\$ 2,313,426
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	32,093	13,836
(Gain) loss on foreign currency translation	(140)	25,100
Cumulative translation adjustment	23,464	-
Changes in:		
Accounts receivable	(1,913)	124
Pledges and grants receivable	477,076	(1,220,506)
Deposits and other assets	(52,076)	(67,408)
Right of use asset - premises	(4,415)	(18,060)
Accounts payable and accrued liabilities	(30,695)	77,411
Payroll liabilities	10,021	18,756
Refundable advances	16,667	-
Cash provided by operating activities	<u>2,077,807</u>	<u>1,142,679</u>
 <i>Investing activities:</i>		
Acquisition of property and equipment	(100,019)	(109,870)
Cash used for investing activities	<u>(100,019)</u>	<u>(109,870)</u>
 <i>Financing activities:</i>		
Proceeds from loan payable to SBA under the Paycheck Protection Program	82,300	-
Lease payable	2,363	18,060
Cash provided by financing activities	<u>84,663</u>	<u>18,060</u>
 Increase in cash and cash equivalents	 2,062,451	 1,050,869
Cash and cash equivalents at beginning of year	<u>2,092,896</u>	<u>1,042,027</u>
 Cash and cash equivalents at end of year	 <u>\$ 4,155,347</u>	 <u>\$ 2,092,896</u>
 <i>Additional cash flow information:</i>		
State registration taxes paid	<u>\$ 175</u>	<u>\$ 175</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

Integrate Health Inc.

**Statement of Functional Expenses
For the Year Ended June 30, 2020**

(with Summarized Financial information for the Year Ended June 30, 2019)

	Program	General and Admin- istrative	Fund- raising	2020 Total	2019 Total
Business development	\$ 2,087	\$ -	\$ 13,149	\$ 15,236	\$ 16,967
Clinic infrastructures	664,132	-	-	664,132	17,380
Consumables and supplies	621,013	-	-	621,013	407,090
Contracts for services	91,216	-	-	91,216	51,869
Facility and equipment	26,986	16,036	5,766	48,788	31,913
Office and related expenses	84,872	2,955	4,106	91,933	34,681
Other expenses	34,441	30,679	1,365	66,485	48,573
Personnel expenses	1,018,341	162,079	173,794	1,354,214	784,495
Professional services and other fees	77,354	43,204	95,384	215,942	182,211
Support for other organizations	301,782	-	-	301,782	224,933
Travel and meeting expenses	139,687	(325)	1,498	140,860	101,985
Vehicle maintenance	58,196	-	-	58,196	34,840
Totals	\$ 3,120,107	\$ 254,628	\$ 295,062	\$ 3,669,797	\$ 1,936,937

Notes to Financial Statements
June 30, 2020

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 statements of activities 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 – Cash and cash equivalents include all monies in FDIC-insured bank accounts 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.

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.

Notes to Financial Statements
June 30, 2020

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

Accounts, Grants and Pledges Receivable – Integrate Health records receivables that are expected to be collected within one year at net realizable value. When material, receivables 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 market participants would use in pricing the asset. In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue on the statement of activities and changes in net assets.

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 proper carrying value. Receivables are written off when deemed uncollectible.

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.

Property and Equipment – Integrate Health's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs are expensed currently. Integrate Health reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Integrate Health has determined that no long-lived assets were impaired during the years ended June 30, 2020 and 2019.

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 disclosure 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.

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.

Notes to Financial Statements
June 30, 2020

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

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 groups 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 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.

Functional Allocation of 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.

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 board-designated endowment, though it has not opted to do so as of June 30, 2020 and 2019.

Notes to Financial Statements
June 30, 2020

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

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 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.

Income Taxes – Integrate Health is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Integrate Health is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Integrate Health is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the year ended June 30, 2020.

Integrate Health has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. 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.

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.

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.

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.

A portion of Integrate Health’s revenue is derived from foundation grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, with limited discretion over spending decisions and right of return of any unused funds. Amounts received are recognized as revenue when Integrate Health has incurred expenditures in compliance with specific grant provisions.

Notes to Financial Statements
June 30, 2020

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

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Integrate Health has received conditional grants amounting to \$50,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred, with advances payments of \$16,667 recognized in statements of financial position as refundable advances.

Integrate Health has adopted Accounting Standards Update (*ASU*) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, Integrate Health has determined previously recorded promises to give in the amount of \$41,667 were conditional grants that should not have been reported in the statements of financial position as net assets with donor restrictions and grants and pledges receivable. Accordingly, a conditional grant adjustment in the amount of \$41,667 has been reflected on the statements of activities and changes in net assets for the year ended June 30, 2020.

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 the audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Recent and Relevant Accounting Pronouncements – The following pronouncements are relevant to Integrate Health:

In August 2016, the FASB issued *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 February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*. This new pronouncement is effective for fiscal years beginning after December 15, 2021, but Integrate Health has elected early implementation.

The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

Notes to Financial Statements
June 30, 2020

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

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 November 5, 2019 (the date of the Independent Auditors' Report), Integrate Health 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 should 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. Accordingly, Integrate Health has incorporated 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:

	2020	2019
Checking account-domestic operations (noninterest-bearing)	\$ 440,398	\$ 230,520
Checking account-domestic operations (interest-bearing)	608,757	718,703
Checking account-foreign operations (noninterest-bearing)	299,045	291,674
Business market savings (interest-bearing)	2,806,746	851,982
Petty cash and other (noninterest-bearing)	401	17
Total cash and cash equivalents	\$ 4,155,347	\$ 2,092,896

Funds on deposit in certain accounts bear interest at rates ranging from 1.24% to 1.99% per annum at June 30, 2020. During the years ended June 30, 2020 and 2019, interest income earned from cash deposits amounted to \$27,400 and \$4,823, respectively. 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, 2020

4. Grants and Pledges Receivable

Grants and pledges receivable of \$1,755,430 and \$2,232,506 at June 30, 2020 and 2019, respectively, reflect amounts due from various individuals, corporations, foundations, and governmental entities based on written commitments. Integrate Health carefully evaluates outstanding grants and pledges and uses the direct write-off method with regards to receivables deemed uncollectible. There were no bad debt write-offs for the years ended June 30, 2020 and 2019. Management has evaluated the receivables as of June 30, 2020 and determined that such amounts are collectible based on an analysis of the donors 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:

	2020	2019
Contract deposit	\$ 76,128	\$ 36,002
Facility security deposits	9,676	5,130
Travel, fundraising events	17,310	13,957
Inventory	32,303	28,112
Total prepaid expenses and other current assets	<u>\$ 135,417</u>	<u>\$ 83,201</u>

6. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2020 is as follows:

	Totals	Level 1	Level 2	Level 3
Pledges and grants receivable	\$ 1,755,430	\$ -	\$ 1,755,430	\$ -
Accounts receivable	2,274	-	2,274	-
Totals	<u>\$ 1,757,704</u>	<u>\$ -</u>	<u>\$ 1,757,704</u>	<u>\$ -</u>

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

	Totals	Level 1	Level 2	Level 3
Pledges and grants receivable	\$ 2,232,506	\$ -	\$ 2,232,506	\$ -
Accounts receivable	360	-	360	-
Totals	<u>\$ 2,232,866</u>	<u>\$ -</u>	<u>\$ 2,232,866</u>	<u>\$ -</u>

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 market 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 1 or Level 3 at June 30, 2020 and 2019.

Integrate Health Inc.

Notes to Financial Statements June 30, 2020

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, investments, and other sources (including the future collection of grants and pledges receivable).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Integrate Health considers all expenditures related to its ongoing activities of cultivating community artists to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, Integrate Health operates with a balanced budget and 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,155,347	\$ 2,092,896
Accounts receivable	2,274	360
Grants and pledges receivable	1,755,430	2,232,506
Total financial assets	<u>5,913,051</u>	<u>4,325,762</u>
Less: amounts not available to be used within one year:		
Net assets with board designations for reserve funds	(1,330,408)	(851,982)
Net assets with donor restrictions for programs	<u>(962,391)</u>	<u>(2,161,803)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,620,252</u>	<u>\$ 1,311,977</u>

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's goal is generally to maintain financial assets to meet 90 days of operating expenses.

8. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Computers	\$ 15,066	\$ 8,127
Equipment	19,051	16,058
Vehicles	199,852	109,765
Less: accumulated depreciation	(47,463)	(15,370)
Property and equipment, net	<u>\$ 186,506</u>	<u>\$ 118,580</u>

Depreciation expense amounted to \$32,093 and \$13,836 for the years ended June 30, 2020 and 2019, respectively, and is included with facility and equipment on the statement of functional expenses.

Notes to Financial Statements
June 30, 2020

9. 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 based on hourly rates in effect at the end of the fiscal year. Total accrued payroll liabilities amounted to \$28,777 and \$18,756 at June 30, 2020 and 2019, respectively.

10. In-Kind Contributions

Integrate Health recognizes donated materials which create and enhance non-financial assets or that require specialized skills. During the years ended June 30, 2020 and 2019, Integrate Health was the recipient of certain in-kind contributions which satisfied the provisions of *ASC 958.605.30-11 Revenue Recognition of Not-For-Profit Entities* and these donated services and materials 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 \$22,723 and \$755 for the years ended June 30, 2020 and 2019, respectively.

A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of Integrate Health. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.605.30-11.

11. COVID-19

In late 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

The novel coronavirus threat has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (3) impacted private enterprises with which Integrate Health conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic.

Management is carefully monitoring the situation and evaluating its options during this time. These financial statements do not contain any adjustments related to economic losses which may or may not be realized by Integrate Health as a result of these events.

**Notes to Financial Statements
June 30, 2020**

12. Loan Payable To SBA Under Paycheck Protection Program

During April 2020, Integrate Health applied for and received \$82,300 in a forgivable loan under the Small Business Administration Paycheck Protection Program (“PPP”). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA’s 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities.

Integrate Health expended the funds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. Management fully anticipates that it will satisfy the PPP’s eligibility and loan forgiveness criteria, enabling the funds to be reclassified from a liability to contributed income.

Based on the guidance in *FASB ASC 405-20-40-1, Liabilities*, the proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been “legally released” or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, Integrate Health is instructed to reduce the liability by the amount forgiven and record the forgiven loan as income.

13. Refundable Advance

Refundable advances at June 30, 2020 represent funds received in advance from conditional promises to give towards Integrate Health’s programs. Such amounts have been recorded as a short-term liability on the statements of financial position. When the conditions have been satisfied, these advances will be transferred to contributed support on the statement of activities and changes in net assets. Total refundable advances amounted to \$16,667, from Dining for Women, at June 30, 2020. There were no refundable advances at June 30, 2019.

14. Clinic Renovations

Integrate Health continues to renovate clinics in various districts in Togo. As of June 30, 2020, its Bassar district clinics have been completed and a remaining unpaid retainer of \$28,308 has been accrued in the statement of financial position. In October 2020, Integrate Health entered into various agreements, totaling \$273,404, to renovate the clinics in the Dankpen district. These district clinics are partially funded by a \$100,000 grant from Construction for Change. Management anticipates the project will be completed during 2021.

15. 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. Integrate Health made employer-matching contributions of \$37,885 and \$8,798 during the years ended June 30, 2020 and 2019, respectively.

Integrate Health Inc.

Notes to Financial Statements June 30, 2020

16. Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions of \$3,097,769 and \$1,659,969 at June 30, 2020 and 2019, respectively, represents the cumulative operating surpluses of Integrate Health from its inception. Board designated funds amounted to \$1,330,408 and \$851,982 at June 30, 2020 and 2019, respectively, and have been carved out of net assets without donor restrictions in order to establish future reserves for the future operating activities. Integrate Health also incurred cumulative translation adjustments which are segregated within net assets without donor restrictions and are summarized as follows for the years ending June 30:

	2020	2019
Beginning balance	\$ -	\$ -
Current year adjustment	23,464	-
Ending balance	\$ 23,464	\$ -

Net Assets With Donor Restrictions

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

	2020	2019
Segal Family Foundation	\$ 75,000	\$ 74,389
Crown Family Foundation	141,667	-
Vitol Foundation	95,011	235,000
Child Relief International	246,667	300,000
Jascha Hoffman	126,300	113,750
Wagner Foundation	-	200,000
Dining for Women	-	50,000
Peery Foundation	100,000	200,000
Cartier Philanthropies	250,000	400,000
Noorda Foundation	250,000	750,000
Planet Wheeler	212,500	25,500
Other time restrictions	867,735	113,750
Other program restrictions	570,714	281,893
Total net assets with donor restrictions	\$ 2,935,594	\$ 2,742,205

During the years ended June 30, 2020 and 2019, Integrate Health received donor restricted contributions of \$3,470,710 and \$3,452,729, respectively. Net assets released from restrictions amounted to \$3,277,321 and \$1,844,317 for the years ended June 30, 2020 and 2019, respectively.

17. 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.

(continued)

Notes to Financial Statements
June 30, 2020

17. Right of Use Asset and Leases *(continued)*

As of June 30, 2020, Integrate Health reflected a total lease liability in the amount of \$20,423 for its facilities (split between current amount of \$15,002 and noncurrent amount of \$5,421) and a corresponding right of use asset for the premises in the amount of \$22,475. As of June 30, 2019, Integrate Health reflected a total lease liability in the amount of \$18,060 (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, 2020 was 4.0%, which represents an estimate of Integrate Health's incremental borrowing rate.

As of June 30, 2020, Integrate Health leases its corporate office space in New York under a six-month operating lease with an effective date of May 1, 2020 and expiring October 31, 2020. The agreement specifies a monthly rental payment of \$2,712 as of June 30, 2020. Integrate Health also leases space at various locations in Togo under multi-year operating leases with effective dates ranging from January 1, 2018 and expiring through December 31, 2021.

As of June 30, 2020, future minimum lease payments representing the amortized principal balance of the lease liability are as follows: Year ending June 30, 2021: \$16,339; and Year ending June 30, 2022: \$4,110. Rent expense for all leases amounted to \$65,340 and \$37,191 for the years ended June 30, 2020 and 2019, respectively, and is included with office and related expenses on the statement of functional expenses.

18. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, 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) Grant restrictions and donor conditions which obligate Integrate Health to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Integrate Health's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts.

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 various granting agencies. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

19. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Integrate Health has evaluated subsequent events through December 30, 2020, the date the financial statements were available to be issued. As disclosed in Note 14, Integrate Health entered into various agreements during October 2020 totaling \$273,404 to renovate the clinics in the Dankpen district in Togo. In the opinion of management, there are no other subsequent events which are required to be disclosed.