



HEALTH IN HARMONY
SAVING FORESTS • SAVING LIVES

Financial Statements
For the Year Ended December 31, 2013
With Independent Auditor's Report

HEALTH IN HARMONY, INC.
YEAR ENDED DECEMBER 31, 2013
CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Health in Harmony, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Health in Harmony, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows 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 Health in Harmony, Inc. as of December 31, 2013, 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.

Perkins & Company, P.C.

November 24, 2014

HEALTH IN HARMONY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Cash		\$ 147,689
Pledges and grants receivable		119,258
Other assets		763
Total assets		\$ 267,710

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable		\$ 12,394
Unearned revenue		15,000
Total liabilities		27,394

NET ASSETS:

Unrestricted		(5,381)
Temporarily restricted		245,697
Total net assets		240,316
		\$ 267,710

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:			
Grants and contributions	\$ 388,850	\$ 101,534	\$ 490,384
Other revenue	8,574	-	8,574
Net assets released from restrictions	293,680	(293,680)	-
Total support and revenues	<u>691,104</u>	<u>(192,146)</u>	<u>498,958</u>
EXPENSES:			
Program services	542,620	-	542,620
Management and general	43,972	-	43,972
Fund-raising	93,186	-	93,186
Total expenses	<u>679,778</u>	<u>-</u>	<u>679,778</u>
NON-OPERATING ITEMS:			
Realized and unrealized gain on investments	4,162	-	4,162
Interest revenue	549	-	549
Total non-operating items	<u>4,711</u>	<u>-</u>	<u>4,711</u>
INCREASE (DECREASE) IN NET ASSETS	<u>16,037</u>	<u>(192,146)</u>	<u>(176,109)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>(21,418)</u>	<u>437,843</u>	<u>416,425</u>
NET ASSETS AT END OF YEAR	<u>\$ (5,381)</u>	<u>\$ 245,697</u>	<u>\$ 240,316</u>

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Program Services	Management and General	Fund-raising	Total
EXPENSES:				
Direct grants made to ASRI	\$ 320,000	\$ -	\$ -	\$ 320,000
Personnel	151,628	21,661	43,321	216,610
Professional services	39,017	15,607	23,409	78,033
Travel	9,838	1,230	13,528	24,596
Meetings	6,637	511	3,063	10,211
Office rent	5,689	1,079	3,041	9,809
Dues & subscriptions	2,128	473	2,128	4,729
Telephone & communications	2,805	351	351	3,507
Printing & copying	1,383	553	830	2,766
Insurance	900	900	927	2,727
Supplies	2,004	401	1,603	4,008
Postage & shipping	591	394	985	1,970
Other expenses	-	812	-	812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 542,620</u>	<u>\$ 43,972</u>	<u>\$ 93,186</u>	<u>\$ 679,778</u>

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (176,109)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:	
Realized and unrealized gain on investments	(4,162)
Donated securities	(99,500)
Net changes in:	
Pledges and grants receivable	132,501
Accounts payable	2,455
Unearned revenue	15,000
Accrued liabilities	(4,084)
Net cash used in operating activities	<u>(133,899)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	<u>118,732</u>
Net cash provided by investing activities	<u>118,732</u>

NET DECREASE IN CASH (15,167)

CASH AT BEGINNING OF YEAR 162,856

CASH AT END OF YEAR \$ 147,689

See notes to financial statements.

HEALTH IN HARMONY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Health in Harmony, Inc. (the “Organization”) is a not-for-profit corporation committed to using healthcare as a powerful tool to incentivize communities across the globe to protect vital, natural resources. Health in Harmony, Inc. currently supports, through grants, an innovative program in West Kalimantan, Indonesia that partners with local communities to integrate high quality, affordable health care with strategies to protect the threatened rain forest.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets: are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include net assets for which the Board of Directors has imposed various internal stipulations as to usage.

Temporarily restricted net assets: are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time.

Permanently restricted net assets: are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Health in Harmony, Inc. has no permanently restricted net assets for the year ended December 31, 2013.

Expenses are reported as decreases in unrestricted net assets. Gain and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Grants and Contributions - Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Grants and contributions that are received with donor stipulations that limit their use for specific purposes or future use are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Donated Goods and Services - Donations of services, supplies, and equipment purchased by others are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. There were no in-kind contributions of services in the year ended December 31, 2013.

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and fund raising campaigns. However, no objective basis is available to measure the value of such services, and no amount has been reflected in the financial statements.

Cash, Cash Equivalents and Concentration of Risk - The Organization considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions in Oregon which are insured by the Federal Deposit Insurance Corporation up to \$250,000, and at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

As of December 31, 2013, one donor accounted for 85% of the total pledges and grants receivable balance.

Pledges and Grants Receivable - Pledges and grants receivable are stated as amounts due from investors for contributions or due from granting agencies. The Organization considers uncollectible receivables on a specific identification basis. Balances are written-off when determined to be uncollectible.

Income Taxes - The Organization has been granted not-for-profit status in accordance with Section 501(c)(3) of the Internal Revenue Code and are therefore generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided in the accompanying combined financial statements.

With few exceptions, the Organization is no longer subject to U.S. federal, state, or local income tax examinations by authorities for years before 2010. To the extent that the Organization was assessed interest or penalties associated with income tax positions, such expense would be recognized as interest expense. As of December 31, 2013, the Organization had no unrecognized tax benefits.

Functional Allocation of Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited in accordance with the Organization's cost allocation plan.

Expenses by natural classification are presented in the statement of functional expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at December 31, 2013 total \$119,258, and all are expected to be received within one year from the date of the statement of financial position.

Based on knowledge of the donors, management has determined that no allowance for uncollectible pledges and grants receivable is necessary and all amounts are considered collectible.

NOTE 3 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets as of December 31, 2013 amount to \$245,697, and consist of unexpended grants and contributions received with donor stipulations on their time and manner of use.

NOTE 4 – NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended December 31, 2013, net assets amounting to \$293,680 were released from restrictions by incurring expenses which satisfied the specific programmatic and time restrictions imposed on the Organization by donors.

NOTE 5 – LEASE COMMITMENTS

The Company leases its office space under a noncancellable lease agreement through February 2016. Rent expense related to the operating lease for the year ended December 31, 2013 amounted to \$9,809. Future minimum lease payments as of December 31, 2013, are as follows:

Years ending December 31,

2014	\$	9,530
2015		9,816
2016		1,644
Total	\$	<u>20,990</u>

NOTE 6 – SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events in accordance with ASC Topic 855, *Subsequent Events*, through November 24, 2014, which is the date these financial statements were available to be issued.