HEALTH IN HARMONY
SAVING FORESTS • SAVING LIVES

Financial Statements
For the Year Ended December 31, 2015
With Independent Auditor's Report

PERKINS & CO

HEALTH IN HARMONY, INC.
YEAR ENDED DECEMBER 31, 2015
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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, 2015, and the related statements of activities and changes in net assets, 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, 2015, 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.

September 26, 2016

HEALTH IN HARMONY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS		
Cash	$	521,347
Investments		5,409
Pledges and grants receivable, net		524,296
Other assets		1,606
Total assets	$	1,052,658
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$	14,548
Total liabilities		14,548
NET ASSETS:		
Unrestricted		181,086
Temporarily restricted		857,024
Total net assets		1,038,110
	$	1,052,658

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:			
Grants and contributions	$ 558,259	$ 918,317	$ 1,476,576
Net assets released from restrictions	1,101,055	(1,101,055)	-
Total support and revenues	1,659,314	(182,738)	1,476,576
EXPENSES:			
Program services	1,220,382	-	1,220,382
Management and general	90,107	-	90,107
Fund-raising	116,062	-	116,062
Total expenses	1,426,551	-	1,426,551
NON-OPERATING ITEMS:			
Realized and unrealized loss on investments	(157)	-	(157)
Interest revenue	15		15
Total non-operating items	(142)	-	(142)
INCREASE (DECREASE) IN NET ASSETS	232,621	(182,738)	49,883
NET ASSETS AT BEGINNING OF YEAR	(51,535)	1,039,762	988,227
NET ASSETS AT END OF YEAR	$ 181,086	$ 857,024	$ 1,038,110

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fund-raising	Total
EXPENSES:				
Direct grants made to ASRI	$ 848,035	$ -	$ -	$ 848,035
Personnel	195,690	48,922	81,537	326,149
Professional services	95,718	27,348	13,674	136,740
Travel	39,843	5,692	11,384	56,919
Meetings	8,735	1,248	2,496	12,479
Office rent	7,077	1,517	1,517	10,111
Supplies	5,361	1,149	1,149	7,659
Dues and subscriptions	4,227	905	905	6,037
Telephone and communications	3,904	1,114	558	5,576
In-kind expense	3,046	436	871	4,353
Printing and copying	2,993	428	855	4,276
Insurance	2,971	849	424	4,244
Postage and shipping	2,042	292	583	2,917
Taxes and licenses	687	196	98	981
Other expenses	53	11	11	75
Total expenses	$ 1,220,382	$ 90,107	$ 116,062	$1,426,551

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$	49,883
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments		142
Donated securities		(7,383)
Net changes in:		
Pledges and grants receivable, net		52,011
Other assets		18,097
Accounts payable		9,183
Net cash provided by operating activities		121,933
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments		13,582
Net cash provided by investing activities		13,582
NET INCREASE IN CASH		135,515
CASH AT BEGINNING OF YEAR		385,832
CASH AT END OF YEAR	$	521,347

See notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - 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.

The significant accounting policies are described below to enhance the usefulness of the financial statements.

Basis of Accounting - The 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: 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: 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: 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, 2015.

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, 2015.

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, 2015, four donors accounted for 100% of the total pledges and grants receivable balance.

Pledges and Grants Receivable, net - 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 financial statements.

Management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the year ended December 31, 2015, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position.

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.

Investments - Investments are accounted for in accordance with Accounting Standards Codification ("ASC") 958-320, *Not-for-Profit Entities: Investments Debt and Equity Securities*. Marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position.

Net appreciation (depreciation) in fair value of investments, which consists of both the realized gains or losses and the unrealized appreciation (depreciation) of those investments, is reported in the statement of activities. Interest income is accrued as earned and reported net of investment advisory and transaction fees.

Interest securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible the changes in the values of investment securities will occur in the near-term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

Recently Issued Accounting Standards - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under accounting principles generally accepted in the United States of America ("U.S. GAAP"). The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain expedients, or (ii) a retrospective approach with the cumulative effect of initially adoption ASU 2014-09 at the date of adoption (which includes additional footnote disclosures). The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements and has not yet determined the method by which the Organization will adopt the standard for the fiscal year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019 with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Subsequent Events - The organization has performed an evaluation of subsequent events in accordance with ASC Topic 855, *Subsequent Events*, through September 26, 2016, which is the date these financial statement were available to be issued.

NOTE 2 – PLEDGES AND GRANTS RECEIVABLE, NET

Pledges and grants receivable at December 31, 2015 total $524,296, and all are expected to be received within one to three years 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. Amounts due more than one year later are recorded at their present fair value of the estimated future cash flows, discounted at the Federal prime rate of 3.75% as of December 31, 2015. Amortization of the discount is credited to contribution income.

Pledges receivable consist of the following at December 31, 2015:

Unconditional pledges expected to be collected in:

Less than one year	$	280,400
One to five years		256,600
Less discount to present value		(12,704)
	$	524,296

NOTE 3 – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets as of December 31, 2015 amount to $857,024, and consist of unexpended grants and contributions received with donor stipulations on their time and manner of use.

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

ASRI Hospital	$	636,249
ASRI General		166,475
Reforestation and conservation		40,000
Time Restrictions		14,300
	$	857,024

NOTE 4 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses which satisfied specific programmatic, and time restrictions imposed on the Organization by donors during the year ended December 31, 2015:

Hospital	$	882,496
Reforestation and conservation		92,658
ASRI General		49,225
Healthcare		42,909
Volunteers		22,257
ASRI Kids		11,510
	$	1,101,055

NOTE 5 – LEASE COMMITMENTS

The Organization leases its office space under a noncancellable lease agreement through February 2017. Rent expense related to the operating lease for the year ended December 31, 2015 amounted to $10,110. Future minimum lease payments as of December 31, 2015, are as follows:

Years ending December 31,		
2016	$	10,624
2017		1,796
Total	$	12,420

NOTE 6 – CONTRIBUTIONS TO OTHERS

The Organization makes donations to Alam Sehat Lestari (ASRI) to support innovative programming in West Kalimantan, Indonesia. The Organization is not obligated to make these donations, and all such donations are approved by the Board of Directors. Donations to ASRI during 2015 were $848,035.

NOTE 7 – INVESTMENTS

The Organization at times receives donations of marketable securities. It is the Organization's policy to liquidate these marketable securities upon receipt. As of December 31, 2015, the Organization held marketable securities in one large cap company and one small cap equity fund, plus a cash investment balance, with a total market value of $5,409.