

HEALTH IN HARMONY, INC.

FINANCIAL STATEMENTS

December 31, 2017



HEALTH IN HARMONY
SAVING FORESTS · SAVING LIVES

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

HEALTH IN HARMONY, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Health In Harmony, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Health In Harmony, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' 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 auditors' 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, 2017, 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.



Portland, Oregon
June 28, 2018

HEALTH IN HARMONY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 275,311
Grants and contributions receivable	150,500
Prepaid expenses	<u>2,012</u>
Total assets	<u>\$ 427,823</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 7,619
Accrued vacation	<u>36,473</u>
Total liabilities	<u>44,092</u>
Net assets	
Unrestricted	31,323
Temporarily restricted	<u>352,408</u>
Total net assets	<u>383,731</u>
Total liabilities and net assets	<u>\$ 427,823</u>

See notes to financial statements.

HEALTH IN HARMONY, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Foundation support	\$ 152,853	\$ 332,200	\$ 485,053
Individual and corporate support	488,484	169,164	657,648
Government grant	-	74,232	74,232
In-kind contributions	12,701	-	12,701
Other	3,053	-	3,053
	657,091	575,596	1,232,687
Net assets released from restriction	695,276	(695,276)	-
Total revenues and other support	1,352,367	(119,680)	1,232,687
Expenses			
Program services	1,076,596	-	1,076,596
Supporting services			
Management and general	117,534	-	117,534
Fundraising	153,758	-	153,758
Total expenses	1,347,888	-	1,347,888
Change in net assets	4,479	(119,680)	(115,201)
Net assets, beginning of year	26,844	472,088	498,932
Net assets, end of year	\$ 31,323	\$ 352,408	\$ 383,731

See notes to financial statements.

HEALTH IN HARMONY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	Support to ASRI	Replication	Education	Total Program	Management and General	Fundraising	
Direct grants made to ASRI	\$ 487,296	\$ 1,000	\$ 5,095	\$ 493,391	\$ -	\$ -	\$ 493,391
Personnel	149,471	188,506	88,367	426,344	90,674	111,097	628,115
Professional services	12,094	32,396	9,357	53,847	11,399	11,042	76,288
Travel	4,034	24,041	375	28,450	2,366	8,333	39,149
Occupancy and office costs	15,220	15,790	5,661	36,671	7,788	22,231	66,690
Taxes, insurance, and fees	2,016	2,377	1,400	5,793	5,307	1,055	12,155
Other costs	19,260	9,630	3,210	32,100	-	-	32,100
	<u>\$ 689,391</u>	<u>\$ 273,740</u>	<u>\$ 113,465</u>	<u>\$ 1,076,596</u>	<u>\$ 117,534</u>	<u>\$ 153,758</u>	<u>\$ 1,347,888</u>

See notes to financial statements.

HEALTH IN HARMONY, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ (115,201)
Changes in assets and liabilities:	
Pledges and grants receivable, net	148,110
Prepaid expenses	(2,012)
Accounts payable	6,828
Accrued expenses	36,476
Net cash provided by (used in) operating activities	<u>74,201</u>
Change in cash and cash equivalents	74,201
Cash and cash equivalents, beginning of year	<u>201,110</u>
Cash and cash equivalents, end of year	<u>\$ 275,311</u>

See notes to financial statements.

HEALTH IN HARMONY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – DESCRIPTION OF ORGANIZATION

Health In Harmony, Inc. (the Organization) is a not-for-profit corporation committed to Planetary Health principles: partnering with communities to protect vital natural resources, improve human health, and transition to more sustainable livelihoods. Health In Harmony, Inc. currently supports 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. Our mission is to replicate and ultimately scale this approach and pursue a truly healthy planet with healthy people.

The Organization provides program services as follows:

Supporting, with funds and capacity, health, conservation, and livelihood programs at our pilot project ASRI in Indonesia

Our pilot project, Alam Sehat Lestari, is an Indonesian NGO on the island of Borneo. ASRI's innovative approach is based on a methodology of 'Radical Listening' – iterative community feedback on the fulcrums of change and the resources needed to protect the environment. In ASRI's case, the local ecosystem is the roughly 267,000-acre Gunung Palung National Park, a tropical rain forest and habitat for 2,500 endangered orangutans. The communities asked ASRI for affordable health care and training in sustainable livelihoods. Today, Health In Harmony provides the majority of the operating funds, as well as technical support for ASRI to run a health care clinic and expand services to a hospital level with midwifery care, specialists, and surgeries. The clinic is staffed by young Indonesian physicians trained by a rotating cohort of visiting physicians and senior Indonesian physicians, accepts non-cash payments (such as seedlings), and provides discounts for patients from villages that have reduced or eliminated logging. In addition, we support ASRI's trainings in sustainable agriculture and fostering of farmers' cooperatives, small business loans and entrepreneurship training, two reforestation sites, and other livelihood programming for men and women in the regency around the clinic.

Facilitating the educational exchanges between our pilot and visitors from around the world

For the provision of high quality health care, we have always facilitated the rotation of experienced physicians visiting the ASRI clinic in a training capacity, while they also learn about our innovative approach to medicine. As our program has grown, and particularly as global interest in Planetary Health and new approaches to international development have grown, we have expanded our program to allow for medical students and residents, conservation professionals, and anyone interested in the model to participate in an educational exchange – bringing various levels and types of expertise and, in exchange, learning about tropical medicine and reforestation, low-resource medicine, Radical Listening methodology, and the ASRI pilot.

Pursuing replication and scale

Health In Harmony's vision is global, and we aim to protect as many ecosystems and work with as many communities as possible. We are pursuing a second phase of growth involving replicating and testing the approach we've used at ASRI in new environments – with similar and different challenges and opportunities – and are currently identifying and developing those sites. Recognizing the urgency of global challenges both to the environment and human development, we then aim to quickly advance what we learn at scale and are also researching and developing creative possibilities for that third phase of growth.

HEALTH IN HARMONY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting; consequently, certain revenues are reflected in the accounts in the period in which they are considered earned, rather than received, and expenses are recorded when incurred, rather than when paid. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

Basis of Presentation

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present fund balances and transactions in three classes of net assets – unrestricted, temporarily restricted, and permanently restricted, as follows:

- **Unrestricted net assets** represent net assets not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
- **Permanently restricted net assets** represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration 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.

Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all checking, savings, money market accounts and all investments maturing within 90 days from the date of purchase.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment is recorded at cost when purchased or fair market value when donated. Depreciation is computed on the estimated useful lives of the assets using the straight-line method over an estimated useful life ranging from three to seven years. Expenditures exceeding \$500 for additions, major renewals, and betterments are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

HEALTH IN HARMONY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and contributions

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fund-raising activity. Management does not believe an allowance is necessary given history of collection.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

NOTE C – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable, which are unconditional promises to give, consist of the following at December 31, 2017:

Less than one year	\$ 130,500
One to five years	<u>20,000</u>
	<u>\$ 150,500</u>

NOTE D – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2017, the Organization received in-kind contributions totaling \$12,701 as follows:

Publicity	\$ 4,927
Travel costs	3,863
Software	588
Exhibit booth	2,725
Other	<u>598</u>
	<u>\$ 12,701</u>

In addition, volunteers provide many of the Organization's daily personnel needs for routine operations. No amounts have been recognized in the accompanying statement of activities because they did not meet the criteria for recognition.

HEALTH IN HARMONY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE E – OPERATING LEASE COMMITMENT

The Organization leases its office in Portland, Oregon for \$988 per month on a lease expiring February 28, 2018, at which point the lease is month-to-month. Future minimum payments are \$1,976 as of December 31, 2017.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets December 31, 2017 are as follows:

Replication	\$ 125,267
ASRI Health Care	123,405
ASRI Conservation	<u>103,736</u>
	<u>\$ 352,408</u>

NOTE G – RETIREMENT PLAN

Beginning in October 2017, the Organization has a Simple IRA plan which covers substantially all employees with a matching contribution of 2% of compensation. The expense for the period ended December 31, 2017 was \$3,901.

NOTE H – GRANTS TO OTHERS

Health In Harmony deploys a portion of its funds to a Indonesian based nonprofit organization Alam Sehat Lestari (ASRI) to fulfill many of its projects. ASRI submits requests for funding to Health In Harmony for funded projects, and provides ongoing reporting on use of funds and meeting of milestones. Health In Harmony typically distributes grants on a quarterly basis, with exceptions for urgent needs, specific projects (i.e. hospital construction), or emergency funding requests. Funding for hospital construction was based on ASRI's contract with an Indonesian construction company. Health In Harmony considers these facilities, including the furniture and equipment contained therein, the property of ASRI, and thus associated construction, renovation, and equipment costs are expensed as incurred.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2018, which is the date the financial statements were available to be issued.