



**GBCHealth**

FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2011 AND 2010

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
of GBCHealth

We have audited the accompanying statements of financial position of GBCHealth as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of GBCHealth's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GBCHealth as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Marks Paneth & Shron LLP*

New York, NY  
June 29, 2012

**GBCHEALTH**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011 AND 2010**

|  | <u>2011</u>         | <u>2010</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents (Note 2C)                  | \$ 968,382          | \$ 683,015          |
| Membership dues receivable, net (Notes 2H and 4)     | 43,938              | 358,813             |
| Contributions and grants receivable (Notes 2G and 5) | 367,763             | 932,124             |
| Prepaid expenses and other assets                    | 150,106             | 147,392             |
| Investments (Notes 2D, 3 and 14)                     | 828,612             | 777,300             |
| Security deposits                                    | 181,669             | 180,032             |
| Property and equipment, net (Notes 2E, 6)            | <u>148,276</u>      | <u>177,256</u>      |
| <b>TOTAL ASSETS</b>                                  | <u>\$ 2,688,746</u> | <u>\$ 3,255,932</u> |
| <b>LIABILITIES</b>                                   |                     |                     |
| Accounts payable and accrued expenses                | \$ 164,216          | \$ 109,321          |
| Accrued payroll and vacation                         | 220,054             | 212,683             |
| Deferred rent (Notes 2M and 13)                      | 53,369              | 32,469              |
| Deferred revenue and refundable advances (Note 2J)   | <u>3,600</u>        | <u>154,422</u>      |
| <b>TOTAL LIABILITIES</b>                             | <u>441,239</u>      | <u>508,895</u>      |
| <b>COMMITMENTS</b> (Note 13)                         |                     |                     |
| <b>NET ASSETS</b> (Note 2B)                          |                     |                     |
| Unrestricted   | 1,894,435           | 1,134,540           |
| Temporarily restricted (Note 11)                     | <u>353,072</u>      | <u>1,612,497</u>    |
| <b>TOTAL NET ASSETS</b>                              | <u>2,247,507</u>    | <u>2,747,037</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>              | <u>\$ 2,688,746</u> | <u>\$ 3,255,932</u> |

**GBCHEALTH**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   | Year Ended December 31, 2011 |                        | Year Ended December 31, 2010 |                        |
|---|------------------------------|------------------------|------------------------------|------------------------|
|   | Unrestricted                 | Temporarily Restricted | Unrestricted                 | Temporarily Restricted |
| <b>SUPPORT AND REVENUE</b>                              |                              |                        |                              |                        |
| Contributions and grants (Notes 2G and 12)              | \$ 2,673,662                 | \$ 183,231             | \$ 2,858,079                 | \$ 240,544             |
| Membership dues (Note 2H)                               | 1,708,895                    | 140,000                | 1,611,668                    | 980,832                |
| Special event revenue, net (Note 2L)                    | 1,933,373                    | -                      | 1,248,946                    | -                      |
| Donated goods and services (Notes 2I and 9)             | 348,348                      | -                      | 283,728                      | -                      |
| Investment activity, net (Notes 2D and 3)               | 53,097                       | -                      | 34,526                       | -                      |
| Other income  | 76,373                       | -                      | 118,464                      | -                      |
| Net assets released from restrictions (Notes 2B and 11) | 1,582,656                    | (1,582,656)            | 1,052,099                    | (1,052,099)            |
| <b>Total support and revenue</b>                        | <u>8,376,404</u>             | <u>(1,259,425)</u>     | <u>7,207,510</u>             | <u>169,277</u>         |
| <b>EXPENSES</b>   |                              |                        |                              |                        |
| Program services (Note 12)                              | 5,847,034                    | -                      | 6,533,560                    | -                      |
| Supporting services                                     | 1,008,433                    | -                      | 909,494                      | -                      |
| Management and general Fundraising                      | 761,042                      | -                      | 742,522                      | -                      |
| Total Supporting Services                               | <u>1,769,475</u>             | <u>-</u>               | <u>1,652,016</u>             | <u>-</u>               |
| <b>Total Expenses</b>                                   | <u>7,616,509</u>             | <u>-</u>               | <u>8,185,576</u>             | <u>-</u>               |
| <b>CHANGE IN NET ASSETS</b>                             | <u>759,895</u>               | <u>(1,259,425)</u>     | <u>(978,066)</u>             | <u>169,277</u>         |
| <b>Net Assets - beginning of year</b>                   | <u>1,134,540</u>             | <u>1,612,497</u>       | <u>2,112,606</u>             | <u>1,443,220</u>       |
| <b>NET ASSETS - END OF YEAR</b>                         | <u>\$ 1,894,435</u>          | <u>\$ 353,072</u>      | <u>\$ 1,134,540</u>          | <u>\$ 1,612,497</u>    |
|   |                              |                        | <u>\$ 3,098,623</u>          | <u>\$ 2,592,500</u>    |
|   |                              |                        | <u>1,248,946</u>             | <u>283,728</u>         |
|   |                              |                        | <u>34,526</u>                | <u>118,464</u>         |
|   |                              |                        | <u>1,052,099</u>             | <u>118,464</u>         |
|   |                              |                        | <u>7,207,510</u>             | <u>169,277</u>         |
|   |                              |                        | <u>6,533,560</u>             | <u>169,277</u>         |
|   |                              |                        | <u>909,494</u>               | <u>909,494</u>         |
|   |                              |                        | <u>742,522</u>               | <u>742,522</u>         |
|   |                              |                        | <u>1,652,016</u>             | <u>1,652,016</u>       |
|   |                              |                        | <u>8,185,576</u>             | <u>8,185,576</u>       |
|   |                              |                        | <u>(978,066)</u>             | <u>(808,789)</u>       |
|   |                              |                        | <u>2,112,606</u>             | <u>3,555,826</u>       |
|   |                              |                        | <u>\$ 1,134,540</u>          | <u>\$ 2,747,037</u>    |

The accompanying notes are an integral part of these financial statements.

**GBCHEALTH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(With Comparative Consolidated Totals for 2010)

|  | Program Services    | Supporting Services    |                   |                     | Total 2010          | Total 2011 |
|--|---------------------|------------------------|-------------------|---------------------|---------------------|------------|
|  |                     | Management and General | Fundraising       | Supporting Services |                     |            |
| Salaries                                     | \$ 2,950,491        | \$ 438,087             | \$ 351,102        | \$ 789,189          | \$ 3,739,680        |            |
| Payroll taxes and employee benefits (Note 8) | 553,094             | 86,109                 | 67,009            | 153,118             | 706,212             |            |
| <b>Total Salaries and Related Costs</b>      | <b>3,503,585</b>    | <b>524,196</b>         | <b>418,111</b>    | <b>942,307</b>      | <b>4,445,892</b>    |            |
| Occupancy (Notes 9 and 13)                   | 462,359             | 110,939                | 80,655            | 191,594             | 654,452             |            |
| Professional services (Note 9)               | 614,210             | 169,874                | 81,780            | 251,654             | 865,864             |            |
| Travel and lodging (Note 9)                  | 476,799             | 100,472                | 4,260             | 104,732             | 581,531             |            |
| Office supplies and other                    | 91,211              | 15,364                 | 13,226            | 28,590              | 119,801             |            |
| Insurance                                    | 31,435              | 10,766                 | 8,629             | 19,395              | 50,830              |            |
| Communication                                | 180,970             | 14,632                 | 6,434             | 21,066              | 202,036             |            |
| Deferred rent (Notes 2M and 13)              | 128,047             | 1,609                  | 12,618            | 14,227              | 142,274             |            |
| Awards and grants                            | 14,620              | -                      | -                 | -                   | 14,620              |            |
| Staff training                               | 8,392               | 22,398                 | -                 | 22,398              | 30,790              |            |
| Conferences and events                       | 145,089             | 5,003                  | 118,288           | 123,291             | 268,380             |            |
| Bad debt                                     | -                   | -                      | -                 | -                   | -                   |            |
| Miscellaneous                                | 22,674              | 22,249                 | 8,280             | 30,529              | 53,203              |            |
| Depreciation and amortization                | 47,643              | 10,931                 | 8,761             | 19,692              | 67,335              |            |
| In-kind software licenses (Note 9)           | 120,000             | -                      | -                 | -                   | 120,000             |            |
| <b>TOTAL EXPENSES</b>                        | <b>\$ 5,847,034</b> | <b>\$ 1,008,433</b>    | <b>\$ 761,042</b> | <b>\$ 1,769,475</b> | <b>\$ 7,616,509</b> |            |
|  |                     |                        |                   |                     | <b>\$ 8,185,576</b> |            |

The accompanying notes are an integral part of these financial statements.

**GBCHEALTH**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

|  | <u>Program<br/>Services</u> | <u>Supporting Services</u>            |                    |                                | <u>Total<br/>2010</u> |
|--|-----------------------------|---------------------------------------|--------------------|--------------------------------|-----------------------|
|  |                             | <u>Management<br/>and<br/>General</u> | <u>Fundraising</u> | <u>Supporting<br/>Services</u> |                       |
| Salaries                                     | \$ 3,378,918                | \$ 432,362                            | \$ 378,162         | \$ 810,524                     | \$ 4,189,442          |
| Payroll taxes and employee benefits (Note 8) | <u>636,199</u>              | <u>86,455</u>                         | <u>21,500</u>      | <u>107,955</u>                 | <u>744,154</u>        |
| <b>Total Salaries and Related Costs</b>      | <b>4,015,117</b>            | <b>518,817</b>                        | <b>399,662</b>     | <b>918,479</b>                 | <b>4,933,596</b>      |
| Occupancy (Notes 9 and 13)                   | 529,426                     | 73,577                                | 51,449             | 125,026                        | 654,452               |
| Professional services (Note 9)               | 743,404                     | 141,185                               | 98,349             | 239,534                        | 982,938               |
| Travel and lodging (Note 9)                  | 321,162                     | 74,715                                | 18,667             | 93,382                         | 414,544               |
| Office supplies and other                    | 116,632                     | 13,040                                | 7,628              | 20,668                         | 137,300               |
| Insurance                                    | 41,103                      | 8,031                                 | 6,166              | 14,197                         | 55,300                |
| Communications                               | 167,071                     | 16,579                                | 10,150             | 26,729                         | 193,800               |
| Deferred rent (Notes 2M and 13)              | 54,543                      | 1,126                                 | 7,585              | 8,711                          | 63,254                |
| Awards and grants                            | 21,119                      | -                                     | -                  | -                              | 21,119                |
| Staff training                               | 4,764                       | 2,540                                 | -                  | 2,540                          | 7,304                 |
| Conferences and events                       | 228,728                     | 4,422                                 | 133,255            | 137,677                        | 366,405               |
| Bad debt                                     | -                           | 36,187                                | -                  | 36,187                         | 36,187                |
| Miscellaneous                                | 31,869                      | 10,169                                | 2,620              | 12,789                         | 44,658                |
| Depreciation and amortization                | 138,622                     | 9,106                                 | 6,991              | 16,097                         | 154,719               |
| In-kind software licenses (Note 9)           | <u>120,000</u>              | <u>-</u>                              | <u>-</u>           | <u>-</u>                       | <u>120,000</u>        |
| <b>TOTAL EXPENSES</b>                        | <b>\$ 6,533,560</b>         | <b>\$ 909,494</b>                     | <b>\$ 742,522</b>  | <b>\$ 1,652,016</b>            | <b>\$ 8,185,576</b>   |

The accompanying notes are an integral part of these financial statements.

**GBCHEALTH**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   | <b>2011</b>       | <b>2010</b>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                   |                   |
| Change in total net assets  | \$ (499,530)      | \$ (808,789)      |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation and amortization   | 67,335            | 154,719           |
| Bad debt expense  | -                 | 36,187            |
| Realized loss (gain) on investments   | 391               | (3,922)           |
| Unrealized gain on investments  | (22,072)          | (4,581)           |
| Subtotal  | (453,876)         | (626,386)         |
| Changes in operating assets and liabilities:  |                   |                   |
| (Increase) or decrease in assets:   |                   |                   |
| Membership dues receivable  | 314,875           | 106,800           |
| Contributions and grants receivable   | 564,361           | 302,542           |
| Prepaid expenses and other assets   | (2,714)           | (17,484)          |
| Security deposits   | (1,637)           | (1,607)           |
| (Decrease) or increase in liabilities:  |                   |                   |
| Accounts payable and accrued expenses   | 54,895            | (46,761)          |
| Accrued payroll and vacation  | 7,371             | 29,454            |
| Deferred rent   | 20,900            | 32,469            |
| Deferred revenue and refundable advances  | (150,822)         | 87,928            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <b>353,353</b>    | <b>(133,045)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                   |                   |
| Purchases of property and equipment   | (38,355)          | (39,920)          |
| Proceeds from sales of investments  | 147,171           | 301,390           |
| Purchases of investments  | (176,802)         | (465,987)         |
| <b>Net Cash Used in Investing Activities</b>  | <b>(67,986)</b>   | <b>(204,517)</b>  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>285,367</b>    | <b>(337,562)</b>  |
| Cash and cash equivalents - beginning of year   | 683,015           | 1,020,577         |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b>\$ 968,382</b> | <b>\$ 683,015</b> |



**GBCHEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

GBCHealth, formerly Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, is a not-for-profit corporation incorporated in the state of Delaware whose mission is to increase and significantly leverage the resources, expertise, influence and infrastructures of the business sector to address major global health challenges that impact their workforce and communities at large. GBCHealth accomplishes its mission by supporting member companies through the following approaches: convening and connecting businesses, governments, multilaterals and civil society for the purpose of knowledge and idea sharing on global health; driving the creation of high-impact partnerships and collective actions; providing recognition and visibility to members for the global health work they support; championing best practices in business engagement on health; representing business in key global health settings; and providing advisory services and guidance to individual member companies, as needed.

GBCHealth works with many of the most prestigious companies in key global industry segments. The organization maintains quite strong relationships with the US Government, as well as with key officials and departments of other governments that have significant commitments to improving global health. In addition to working closely with many UN agencies, GBCHealth serves as the focal point for the private sector delegation to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

In a typical year, GBCHealth will participate in some or all of the following activities: Guide development of health-related corporate workplace policies; establish large-scale education, prevention, testing and counseling initiatives through the private sector in high-prevalence regions; identify and broker public-private partnerships between business and under-resourced governments and communities; foster private sector collaboration with the UN and its global development priorities; sponsor industry-focused dialogue and strategy sessions; research and publicize case studies and best practices; share status of public health issues in the global business community and stimulate dialogue through expert-driven event panels, teleconferences, and publications; conduct workshops and produce guidelines on behavioral challenges such as stigmatization; recruit for and coordinate collective-action initiatives for maximum impact; build local capacity by training business and NGO managers and peer educators; provide various global forums for thought leaders in business to interact and generate progressive ideas and solutions towards changing the course of these diseases.

GBCHealth is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. GBCHealth is supported primarily by membership dues and contributions.

GBCHealth provides programs as described below:

**Member Advisory Services and Coordination**

The GBCHealth staff works directly with member companies to help them realize their potential to help stem the spread of disease and to encourage healthy workforces and host communities for their business endeavors. They provide guidance to help members set priorities and facilitate countless connections to other companies, implementing partners, governments and multilateral institutions. Partnerships take the form of one-to-one joint ventures, collective action and cost-sharing. Partners come from both the corporate and non-corporate sectors. In addition, the GBCHealth team works diligently to recruit more companies to the cause, researching strategic prospects and educating potential members about their work.

As part of its coordination role, GBCHealth serves as the focal point for the private sector delegation (PSD) on the Global Fund to Fight AIDS, Tuberculosis and Malaria board of directors. In this role, GBCHealth works to enable co-investments and facilitate other corporate engagement with funds recipients worldwide.

**GBCHEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

GBCHealth's coordinating role with Corporate Alliance on Malaria in Africa (CAMA) provides the opportunity to coordinate private sector strategy and action on malaria in the most endemic regions by mobilizing and streamlining efforts across industry sectors and countries. GBCHealth orchestrates knowledge sharing and collaborative projects, involving on-the-ground communities and governments to improve the impact of malaria control efforts in sub-Saharan Africa.

GBCHealth's collective action initiatives create structured partnerships to focus on high-impact and life-saving opportunities. A team of businesses with targeted core competencies will support the scaling-up of the program, expanding capacity to make tremendous impact, and establishing a model that will play a critical role in ending the relevant disease and significantly improving overall health.

**Web-based and Print Communications Vehicles**

GBCHealth's website, email communications, social media activity and printed materials are vital resources for member companies. The information shared through these avenues provides member companies with the tools and knowledge needed to take an active role in making a difference in global health. The information disseminated by GBCHealth supports members in their efforts to understand and implement best practices. Throughout the year, GBCHealth will release a deep cross-section of reference materials, including workplace policy frameworks, compelling case studies of company programs, implementation guides, and articles and papers on a diverse range of subjects, from roundtable reports to policy issues.

GBCHealth's communications tools and products provide clear guidance for company action. They raise visibility through their newsletters, magazine, website, and special communications. They provide tools for members' internal communications, and provide media relations for member companies and GBCHealth overall.

**Industry and Issue-Driven Workshops, Events and Teleconferences**

GBCHealth facilitates knowledge co-creation and joint planning through regional and global events, working groups, round-tables & teleconferences. Based on member need or current trends and challenges in global health, GBCHealth staff organizes agendas, content and facilitation of knowledge sharing with a focus on action and impact. These forums may include diverse constituents, including other NGOs, government and multilateral partners, who support discussion and concept development by lending their highly relevant perspectives.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. GBCHealth's financial statements have been prepared on the accrual basis of accounting. GBCHealth adheres to accounting policies generally accepted in the United States of America.
- B. GBCHealth maintains its net assets under the following two classes:
- Unrestricted Net Assets – resources that have not been restricted by the donor and that have no time restrictions. Such resources are available for support of GBCHealth's operations.
  - Temporarily Restricted Net Assets – resources received with donor stipulations that limit the use of the donated assets or for which these are time restrictions placed on the resources. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets that have both been earned and have had their restrictions met in the current year are recorded as unrestricted net assets.

**GBCHEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- C. GBCHealth considers all highly liquid instruments purchased with maturities of three months or less to be cash and cash equivalents. GBCHealth has cash accounts in the U.S., Kenya, Russia, South Africa and Switzerland. Cash accounts in foreign countries are not insured under Federal Deposit Insurance Corporation. The balances in the foreign bank accounts as of December 31, 2011 and 2010 are approximately \$55,000 and \$34,000, respectively.
- D. Investments are reported at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 14.
- E. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. GBCHealth has established a \$1,000 threshold above which assets are capitalized. Purchases below \$1,000 are expensed at the time of acquisition. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.
- F. Functional expenses which are not specifically attributable to program services or supporting services are allocated based on estimates determined by management.
- G. Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unless material, GBCHealth does not discount long-term contributions receivable. Conditional promises to give are not included as support until the conditions are substantially met.

As of December 31, 2011 and 2010, GBCHealth determined that an allowance for doubtful accounts for contributions and grants receivable was not necessary. Such estimate is based on management's evaluation of the creditworthiness of its donors and grantors, the aged basis of its receivables, as well as current economic conditions and historical information.

- H. Membership dues are recognized as revenues in the period due and are recorded as increases in unrestricted net assets. Membership dues receivable are expected to be collected within one year and are recorded at their net realizable value. GBCHealth uses the allowance method to determine uncollectible receivables. The allowance is based on historical experience and management's analysis of the current status of amounts receivable.

As of December 31, 2011 and 2010, GBCHealth determined that an allowance of \$36,062 and \$66,187, respectively, should be provided for membership dues receivable. Such estimate is based on management's evaluation of the creditworthiness of its members, the aged basis of its receivables, as well as current economic conditions and historical information.

- I. Donated goods, services and use of facilities are recorded at their estimated fair value at the date of the donation. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by GBCHealth.
- J. GBCHealth receives cash in advance from grantors and in advance of special events that are to be held after the statement of financial position date. It is GBCHealth's policy to refund all cash received in advance of special events for the exchange portion, if the event is subsequently cancelled. In addition, revenue from grants and contracts designated for use toward specific activities is recognized in the period when expenses have been incurred in compliance with the grantor's conditions. Cash received in excess of revenue recognized is recorded as refundable advances.
- K. GBCHealth uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred and are recorded as printing and publications expense. During the years ended December 31, 2011 and 2010, advertising costs totaled \$268 and \$5,326, respectively.

