

HEALTH GLOBAL ACCESS PROJECT, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2012

HEALTH GLOBAL ACCESS PROJECT, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Health Global Access Project, Inc

I have audited the accompanying financial statements of Health Global Access Project, Inc., which comprise the statement of financial position as of December 31, 2012 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 those 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

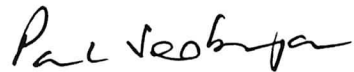
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 procedure 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Global Access Project, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Paul Seobrya".

New York, New York
June 17, 2013

HEALTH GLOBAL ACCESS PROJECT, INC
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

<u>Assets</u>	
Cash	\$ 7,606
Grants and contributions receivable	60,347
Property and equipment - net - notes 2 and 3	<u>4,598</u>
Total assets	<u><u>\$ 72,551</u></u>

Liability and Net Assets

<u>Liability</u>	
Accounts payable and accrued expenses	\$ <u>15,188</u>
 <u>Net Assets</u>	
Unrestricted	8,363
Temporarily restricted	<u>49,000</u>
Total net assets	<u><u>57,363</u></u>
Total liability and net assets	<u><u>\$ 72,551</u></u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and supports</u>			
Grants and contributions	\$ 96,010	391,145	487,155
Government grant		24,942	24,942
Interest	50		50
Sub-total	<u>96,060</u>	<u>416,087</u>	<u>512,147</u>
Release from restriction:			
Satisfaction of program restriction	<u>414,087</u>	<u>(414,087)</u>	<u>-</u>
Total revenue	<u>510,147</u>	<u>2,000</u>	<u>512,147</u>
<u>Expenses</u>			
Program services	489,443		489,443
General and administration	49,781		49,781
Fundraising	<u>16,621</u>		<u>16,621</u>
Total expenses	<u>555,845</u>		<u>555,845</u>
Change in net assets	(45,698)	2,000	(43,698)
Net assets at beginning of year	<u>54,061</u>	<u>47,000</u>	<u>101,061</u>
Net assets at end of year	<u>\$ 8,363</u>	<u>49,000</u>	<u>57,363</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 203,418	13,417	13,417	230,252
Payroll taxes and fringes	<u>48,571</u>	<u>3,204</u>	<u>3,204</u>	<u>54,979</u>
Total personnel	251,989	16,621	16,621	285,231
Supplies	3,849	428		4,277
Telephone and internet access	29,154	595		29,749
Printing	887			887
Postage and shipping	1,207	134		1,341
Program expense	33,241			33,241
Fiscal conduit	38,723			38,723
Consultants and professionals	45,157	25,840		70,997
Travel and accommodation	79,981			79,981
Meeting, event and networking	2,242			2,242
Dues and fees	3,013	3,013		6,026
Depreciation		1,414		1,414
Miscellaneous	<u> </u>	<u>1,736</u>	<u> </u>	<u>1,736</u>
Total expenses	<u>\$ 489,443</u>	<u>49,781</u>	<u>16,621</u>	<u>555,845</u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ <u>(43,698)</u>
<u>Adjustments to reconcile change in net assets to cash flows</u>	
Depreciation	1,414
Increase in contributions receivable	(9,961)
Increase in accounts payable and accrued expenses	<u>5,723</u>
Total adjustment	<u>(2,824)</u>
Net cash used in operating activities	<u>(46,522)</u>
<u>Cash Flows From Investing Activities</u>	
Acquisition of fixed assets	<u>(2,000)</u>
Net decrease in cash	(48,522)
Cash at beginning of year	<u>56,128</u>
Cash at end of year	\$ <u><u>7,606</u></u>

See accompanying notes to financial statements.

HEALTH GLOBAL ACCESS PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1 Organization

Health Global Access Project, Inc (Health GAP) is a not-for-profit organization incorporated in the State of New York under Section 402 of the New York Not-For-Profit Corporation Law. Health GAP is a network of AIDS activists, academics, people living with HIV/AIDS, trade experts and citizens who believe that nothing should stand in the way of access to lifesaving medication. HGAP engages in leadership development, advocacy, organizing and detailed policy analysis geared towards eliminating barriers that limit global access to life-sustaining medicines to all people living with HIV/AIDS.

Funding of the Organization's programs is provided by private and governmental sources.

Health GAP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar provision of the State code.

Note 2 Significant accounting policies
Financial Statement Presentation

Health Gap's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The classification of Health Gap's net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by Health Gap is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Health Gap.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by Health Gap is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Health Gap pursuant to those stipulations. When such stipulations

HEALTH GLOBAL ACCESS PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2 Significant accounting policies (continued)
Financial Statement Presentation (continued)

end or are fulfilled, such temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Government Contract Revenue and related Receivable and Advance

Health Gap received grant contracts for stipulated services on a reimbursable basis from various government agencies. Cash not spent according to the contract agreement by the end of the contract term is recorded as advance, and expenses incurred for the service not yet reimbursed are recorded as receivable. Health Gap does not maintain any equity under contract grants. The acceptability of these amounts, as well as other expenditures of the program, is subject to final determination by the governmental funding source.

Cash and Cash Equivalents

Cash is primarily consisted of cash held in checking and saving accounts at major financial institutions. Health Gap considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the property and equipment. Health Gap capitalizes any asset they determine will be maintained for an extended period of time.

Property and equipment purchased with government-funded grants are charged as expenditures and included in the statement of activities and functional expenses in accordance with the provision of grant agreements. Those equipment are properties

HEALTH GLOBAL ACCESS PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2 Significant accounting policies (continued)

Property and Equipment (continued)

of the funding agencies and retained by Health Gap in the performance of Health Gap's programs and related activities.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, grants and contract and program fees receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. This measurement has remained the same as in prior years.

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through June 17, 2013. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

In-Kind Contributions

Health GAP receives in-kind contributions of services from volunteers and space from another organization. However, due to difficulties in obtaining fair values for those donations, in kind contributions are not recorded on the financial statements.

Note 3 Property and Equipment

Property and equipment at December 31, 2012 consist of the following:

Equipment	\$ 8,056
Less - accumulated depreciation	<u>3,458</u>
Net	<u>\$ 4,598</u>

Total depreciation expense for the year was \$1,414.

Note 4 Temporarily restricted net assets

As of December 31, 2012, temporarily restricted net assets of \$49,000 were grants restricted for program purpose for the following year.

Note 5 Contingency

Government grants are subject to audits by funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any,

HEALTH GLOBAL ACCESS PROJECT, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

- Note 5 Contingency (continued)
cannot be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.
- Note 6 Concentration
Financial instruments that potentially subject Health GAP to concentration risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (“FDIC”) insures accounts at each institution. Currently, the FDIC insures accounts for up to \$250,000 per depositor. Management believes the exposure to credit risk is minimal.
- Note 7 Functional allocation of expense
The costs of providing various program and supporting services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.