

**Nyaya Health
d/b/a Possible**

Financial Statements

**July 31, 2015
(With Summarized Financial
Information for 2014)**

With Independent Auditors' Report

Nyaya Health
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Nyaya Health d/b/a Possible

Report on the Financial Statements

We have audited the accompanying financial statements of Nyaya Health d/b/a Possible (a non-profit corporation), which comprise the statement of financial position as of July 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.

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 Nyaya Health d/b/a Possible (a non-profit corporation) as of July 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.

Other Matter

The financial statements of Nyaya Health d/b/a Possible (a non-profit corporation) for the year ended July 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on May 21, 2015.

Report on Summarized Comparative Information

The financial statements of Nyaya Health d/b/a Possible (a non-profit corporation) as of and for the year ended July 31, 2014 were previously audited by other auditors who expressed an unmodified audit opinion on those audited financial statements. The summarized comparative information presented herein as of and for the year ended July 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Withum Smith + Brown, PC

June 10, 2016

Nyaya Health
Statements of Financial Position
July 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash	\$ 1,291,031	\$ 703,602
Grants receivable	11,762	100,000
Prepaid expenses	4,840	40,855
Total current assets	<u>1,307,633</u>	<u>844,457</u>
Other assets		
Security deposit	<u>10,000</u>	<u>-</u>
	<u>\$ 1,317,633</u>	<u>\$ 844,457</u>
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 4,057	\$ 3,448
Loan payable	100,000	-
Board member loans payable	190,000	-
Accounts payable	17,599	40,805
Accrued expenses	34,530	33,976
Total current liabilities	<u>346,186</u>	<u>78,229</u>
Long-term debt, less current maturities	<u>24,084</u>	<u>26,745</u>
Total liabilities	370,270	104,974
Net assets		
Unrestricted	947,363	343,649
Temporarily restricted	-	395,834
Total net assets	<u>947,363</u>	<u>739,483</u>
	<u>\$ 1,317,633</u>	<u>\$ 844,457</u>

The Notes to Financial Statements are an integral part of these statements.

Nyaya Health
Statements of Activities and Changes in Net Assets
For the Years Ended July 31, 2015 and 2014 (summarized information)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Public support and other revenues				
Public support:				
Gifts and contributions	\$ 2,685,435	\$ -	\$ 2,685,435	\$ 1,519,458
Grants	161,061	-	161,061	46,491
Donated Goods and services	239,443	-	239,443	133,451
Miscellaneous revenue	2,859	-	2,859	-
	<u>3,088,798</u>	<u>-</u>	<u>3,088,798</u>	<u>1,699,400</u>
Net assets released from restrictions				
Satisfaction of donor restrictions	395,834	(395,834)	-	-
Total revenue and other support	<u>3,484,632</u>	<u>(395,834)</u>	<u>3,088,798</u>	<u>1,699,400</u>
Expenses				
Program services	2,491,830	-	2,491,830	1,418,589
Supporting services				
General and administrative expenses	213,124	-	213,124	168,794
Fund raising	175,963	-	175,963	122,441
	<u>389,087</u>	<u>-</u>	<u>389,087</u>	<u>291,235</u>
	<u>2,880,918</u>	<u>-</u>	<u>2,880,918</u>	<u>1,709,824</u>
Changes in net assets	603,714	(395,834)	207,880	(10,424)
Net assets, beginning of year	<u>343,649</u>	<u>395,834</u>	<u>739,483</u>	<u>749,907</u>
Net assets, end of year	<u>\$ 947,363</u>	<u>\$ -</u>	<u>\$ 947,363</u>	<u>\$ 739,483</u>

The Notes to Financial Statements are an integral part of these statements.

Nyaya Health
Statements of Functional Expenses
For the Years Ended July 31, 2015 and 2014 (summarized information)

	2015			2014 Total	
	Program Services	General & Administrative	Fund Raising		Total
Grants to Nepal affiliate	\$ 1,510,633	\$ -	\$ -	\$ 1,510,633	\$ 959,333
Salaries and wages	250,405	84,959	111,787	447,151	303,489
Employee benefits	25,313	8,588	11,301	45,202	18,093
Payroll taxes	21,721	7,370	9,697	38,788	29,953
Staff recruitment, development and training	5,191	-	-	5,191	4,142
Travel and conferences	87,172	-	-	87,172	101,133
Program supplies	10,815	-	-	10,815	411
Accounting and auditing fees	-	15,880	-	15,880	13,860
Legal fees	-	3,178	-	3,178	735
Other professional fees	344,649	1,816	-	346,465	39,332
Occupancy expenses	16,896	5,732	7,544	30,172	23,786
Insurance	-	1,433	-	1,433	3,536
Minor equipment and furnishings	-	12,739	-	12,739	2,524
Food and meals	7,859	-	-	7,859	3,496
Office, telephone, printing and postage	8,051	2,684	-	10,735	15,391
Advertising	12,617	4,281	5,633	22,531	25,597
Website and IT services	23,219	7,739	-	30,958	12,113
Dues, fees, licenses and subscriptions	3,523	1,174	-	4,697	14,429
Interest expense	-	1,452	-	1,452	-
Miscellaneous	-	8,423	-	8,423	5,020
In-kind expenses	163,766	45,676	30,001	239,443	133,451
	<u>\$ 2,491,830</u>	<u>\$ 213,124</u>	<u>\$ 175,963</u>	<u>\$ 2,880,917</u>	<u>\$ 1,709,824</u>

The Notes to Financial Statements are an integral part of these statements.

Nyaya Health
Statements of Cash Flows
For the Years Ended July 31, 2015 and 2014 (summarized information)

	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ 207,880	\$ (10,424)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Grants receivable	88,238	102,500
Prepaid expenses	36,015	(37,355)
Accounts payable	(23,206)	40,401
Accrued expenses	554	12,078
Net cash provided by operating activities	<u>309,481</u>	<u>107,200</u>
Cash flows from investing activities		
Security deposit paid	<u>(10,000)</u>	-
Net cash used by investing activities	(10,000)	-
Cash flows from financing activities		
Proceeds from loan payable	100,000	30,193
Proceeds from board member loans payable	190,000	-
Payments of long-term debt	<u>(2,052)</u>	-
Net cash provided by financing activities	<u>287,948</u>	<u>30,193</u>
Net changes in cash and cash equivalents	587,429	137,393
Cash and cash equivalents		
Beginning of year	<u>703,602</u>	<u>566,209</u>
End of year	<u>\$ 1,291,031</u>	<u>\$ 703,602</u>

The Notes to Financial Statements are an integral part of these statements.

Nyaya Health
Notes to Financial Statements
July 31, 2015 and 2014

1. Summary of Significant Accounting Policies and Nature of the Organization

Nature of the Organization

Nyaya Health, a nonprofit corporation (“Nyaya Health” or the “Organization”) was incorporated in 2005 in the State of Illinois under the provisions of the Illinois Solicitation for Charity Act, Section 225 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Nyaya Health is not classified as a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for Federal income tax purposes. Effective March 18, 2014, Nyaya Health began operating under the name “Possible”.

Affiliations

Nyaya Health is affiliated with Nyaya Health Nepal (“NHN”). The organizations operate under a Memorandum of Understanding whereby NHN is the local implementing organization of their joint mission. Nyaya Health makes funding decisions regarding NHN through an annual budgeting process and based upon funding availability. Funds are distributed to NHN on a quarterly basis. NHN and Nyaya Health are controlled by separate Boards of Directors; however, the organizations collaborate on clinical operations, managerial details, staffing, procurement and any other assistance. These financial statements include the activities of Nyaya Health only and not those of the combined operations.

Basis of Accounting

The Organization’s policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when a liability has been incurred.

The summary information as of and for the year ended July 31, 2014 includes comparative information and is not presented by net asset class or by functional category. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended July 31, 2014, from which the summarized information was derived

Net Assets

As required by the *FASB Accounting Standards Codification™*, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as presented on the following page.

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. These financial statements do not report any assets of this nature.

Nyaya Health Notes to Financial Statements July 31, 2015 and 2014

Donated Goods and Services

The Organization reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills and represent services that would have been purchased had they not been donated. In-kind contributions of goods are recorded at the fair value of items contributed.

For the years ended July 31, 2015 and 2014 the Organization received donated goods and services in the amount of \$239,443 and \$133,451, respectively which are included in other income and expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash. Cash at financial banking institutions fluctuates greatly during the year and at times such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). Management regularly monitors the financial condition of the banking institutions, along with their balances in cash, and tries to keep this potential risk to a minimum.

Program Services

Nyaya Health is a nonprofit healthcare company that delivers high-quality, low-cost healthcare to the world's poor. The Organization is pioneering a new approach, called durable healthcare, that brings together the best of private, public, and philanthropic models. Since 2008, Nyaya has treated over 300,000 patients in rural Nepal through government hospitals, clinics, and a network of female community health workers.

Grants Receivable

Grants Receivable reflect the amount of expenses paid by the Organization but not yet reimbursed by the grantor.

Contributions, Gifts and Grants

As required by the *FASB Accounting Standards Codification™*, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Advertising

The Organization's policy is to charge the cost of advertising to expense as incurred. Advertising expense was \$22,531 and \$25,597 for the years ended July 31, 2015 and 2014, respectively.

Nyaya Health
Notes to Financial Statements
July 31, 2015 and 2014

Functional Expenses

As required by the *FASB Accounting Standards Codification™*, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using formulas derived from the nature of related time. Supporting services are those related to operating and managing the Organization and their programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Nyaya Health A Nonprofit Corporation's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds.

Tax Position

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

2. Loans from Board Members

During the year ended July 31, 2015, the Organization borrowed funds for operating purposes from three of its board members on a short-term basis as follows:

Loan payable at 0% interest, due April 29, 2016	\$ 50,000
Loan payable at 0% interest, due February 1, 2016	10,000
Loan payable in four equal monthly installments of \$32,825, including interest at 1%, beginning January 29, 2016 and ending April 29, 2016	<u>130,000</u>
	<u>\$ 190,000</u>

All loans were repaid in full prior to the date of these financial statements. There were no loans from board members as of July 31, 2014.

3. Loan Payable

On August 25, 2014 The Organization received a recoverable grant in the amount of \$100,000 repayable in two equal installments on January 31, 2016 and July 31, 2016 with 0% interest to support catalytic clinic expansion in rural Nepal. The recoverable grant was repaid in full prior to the date of these financial statements.

Nyaya Health
Notes to Financial Statements
July 31, 2015 and 2014

4. Long-Term Debt

Long term debt at July 31, 2015 consists of the following:

	<u>2015</u>	<u>2014</u>
Loan agreement dated May 6, 2014 with SEED Energy, Inc. dba Sunfarmer payable in 32 equal quarterly payments over eight years commencing on September 30, 2014 with interest at 5.4%.	\$ 28,141	\$ 30,193
Less current maturities	<u>4,057</u>	<u>3,448</u>
Long term debt, net of current maturities	<u>\$ 24,084</u>	<u>\$ 26,745</u>

Aggregate maturities of long-term debt for the years ending July 31 are as follows:

2016	\$ 4,057
2017	3,456
2018	3,646
2019	3,848
2020	4,060
Thereafter	<u>9,074</u>
	<u>\$ 28,141</u>

5. Temporarily Restricted Net Assets

For the years presented, temporarily restricted net assets reflect donations restricted for the following donor-specified purposes:

<u>Nature of Restriction</u>	<u>2015</u>	<u>2014</u>
Time Restricted – Future Operating Expenses	\$ --	\$ 375,000
Nyaya Health – Nepal	--	14,584
Training	--	<u>6,250</u>
Total	<u>\$ --</u>	<u>\$ 395,834</u>

For the years ended July 31, 2015 and 2014, net assets were released from restriction for the following programs and purposes:

<u>Nature and Type of Restriction</u>	<u>2015</u>	<u>2014</u>
Time Restricted – Future Operating Expenses	\$ 375,000	\$ 153,735
Nyaya Health – Nepal	14,584	667,863
Research	--	30,000
Training	<u>6,250</u>	<u>8,750</u>
Total	<u>\$ 395,834</u>	<u>\$ 860,351</u>

6. Grants to Nepal Affiliate

Nyaya provides funding to Nyaya Health Nepal to support programs at Bayalpata Hospital in Nepal (See Note 1). Financial support is sent to Nepal via wire transfer. Nyaya Health receives regular monthly accountings as to the nature and amounts of specific expenditures, while Bayalpata Hospital is responsible for its own filings in Nepal.

Nyaya Health
Notes to Financial Statements
July 31, 2015 and 2014

7. Employee Pension Plan

Nyaya employees may elect to enroll in a TriNet 401(k) Plan offered through Transamerica Retirement Services. Nyaya does not provide a 401k match for any employee contributions nor does the Organization make any company contributions toward individual employee 401k plans. This elective benefit became effective as of May 1, 2014.

8. Concentrations

Revenue

A donation from one organization in the amount of \$400,000 represents approximately 15% of the Organization's total support and revenue for the year ended July 31, 2015. A donation from one organization in the amount of \$300,000 represents approximately 23% of the Organization's total support and revenue for the year ended July 31, 2014.

9. Commitments and Contingencies

The Organization entered into a loan agreement dated July 24, 2015 with SEED Energy, Inc. *dba* Sunfarmer in the amount of \$55,713 payable in equal quarterly payments of \$3,351 each over five years commencing March 31, 2016 and ending December 31, 2020 with interest at 7.32%. Loan proceeds were not received by the Organization until August 2015.

The Organization subleases office space under a non-cancellable operating lease agreement. Terms of the agreement provide for monthly payments as follows.

Future minimum lease payments subsequent to July 31, 2015 are as follows:

<u>Years ending July 31,</u>	
2016	\$ 58,080
2017	<u>53,240</u>
	<u>\$ 111,320</u>

10. Subsequent Events

The Organization has evaluated subsequent events occurring after the date of the statement of financial position through June 10, 2016 which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no material subsequent events have occurred.