

Financial Statements

Nyaya Health d/b/a Possible

For the years ended July 31, 2017 and 2016

NYAYA HEALTH D/B/A POSSIBLE

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Nyaya Health d/b/a Possible (a nonprofit organization), which comprise the statement of financial position as of July 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 audits. 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 Nyaya Health d/b/a Possible as of July 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Nyaya Health d/b/a Possible's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

New York, NY
April 2, 2018

Liggett & Webb P.A.

**Nyaya Health d/b/a Possible
Statements of Financial Position
As of July 31, 2017 and 2016**

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,678,354	\$ 1,444,437
Grants receivable	12,193	112,486
Prepaid expenses	840	-
Total Current Assets	1,691,387	1,556,923
Property and equipment, net	4,018	5,992
Security deposit	10,000	10,000
Total Assets	\$ 1,705,405	\$ 1,572,915
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable & accrued expenses	\$ 106,012	\$ 87,363
Current maturities of long-term debt	-	21,694
Total current liabilities	106,012	109,057
Long-term debt, less current maturities	-	61,347
Total liabilities	106,012	170,404
Net Assets		
Unrestricted	1,229,923	856,083
Temporarily Restricted	369,470	546,428
Total Net Assets	1,599,393	1,402,511
Total Liabilities and Net Assets	\$ 1,705,405	\$ 1,572,915

(See accompanying notes to the financial statements)

**Nyaya Health d/b/a Possible
Statements of Activities
For the years ended July 31, 2017 and 2016**

	2017		2016	
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Other Revenue				
Public Support				
Gifts and contributions	\$ 5,003,993	\$ 83,333	\$ 5,087,326	\$ 4,288,160
Grants	12,193	-	12,193	112,486
Other Revenue				
Donated goods and services	187,545	-	187,545	202,322
Miscellaneous revenue	-	-	-	7,076
	<u>5,203,731</u>	<u>83,333</u>	<u>5,287,064</u>	<u>4,610,044</u>
Net assets released from restrictions				
Satisfaction of donor restrictions	260,291	(260,291)	-	-
Total Public Support and Other Revenue	<u>5,464,022</u>	<u>(176,958)</u>	<u>5,287,064</u>	<u>4,610,044</u>
Expenses				
Program Services	4,086,725	-	4,086,725	3,590,216
Supporting Services				
General & administrative expenses	366,008	-	366,008	195,434
Fundraising	637,449	-	637,449	369,246
Total Supporting Services	<u>1,003,457</u>	<u>-</u>	<u>1,003,457</u>	<u>564,680</u>
Total Expenses	<u>5,090,182</u>	<u>-</u>	<u>5,090,182</u>	<u>4,154,896</u>
Changes in Net Assets	373,840	(176,958)	196,882	455,148
Net Assets, Beginning of year	856,083	546,428	1,402,511	947,363
Net Assets, End of Year	<u>\$ 1,229,923</u>	<u>\$ 369,470</u>	<u>\$ 1,599,393</u>	<u>\$ 1,402,511</u>

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Functional Expenses
For the years ended July 31, 2017 and 2016

	Program Services						Total 2017	Total 2016
	Direct Delivery	System Building	Design and Research	Capital Projects	Program Services	G&A		
Grants to Nepal affiliate	\$ 1,908,634	\$ 522,800	\$ 107,879	\$ 677,500	\$ 3,216,813	\$ -	\$ 3,216,813	\$ 2,505,000
Salaries and wages	-	318,492	182,555	47,688	548,735	209,113	1,120,778	718,596
In-kind expenses	-	12,028	9,908	1,461	23,397	29,724	187,547	202,323
Consultancy and other professional fees	-	-	84,640	57,589	142,229	19,800	172,242	229,583
Payroll taxes and fees	-	21,395	12,547	4,643	38,585	32,318	102,917	68,843
Employee benefits	-	29,174	22,597	3,678	55,449	7,739	77,155	46,728
Travel Costs	-	29,630	18,686	2,116	50,432	5,813	76,191	80,049
Occupancy expenses	-	-	-	-	-	11,448	57,240	58,155
Website and IT services	-	-	-	-	-	16,160	28,402	73,822
Accounting and auditing fees	-	-	-	-	-	20,090	20,090	12,240
Staff recruitment, development and conferences	-	6,269	505	-	6,774	3,687	13,427	51,904
Insurance	-	-	-	-	-	4,119	4,119	3,549
Interest Expense	-	-	-	4,114	4,114	-	4,114	1,438
Office, telephone, printing and postage Advertising	-	197	-	-	197	1,986	3,162	6,250
Depreciation Expense	-	-	-	-	-	2,673	2,673	1,572
Miscellaneous	-	-	-	-	-	-	1,974	2,169
Legal fees	-	-	-	-	-	1,263	1,263	1,548
Dues, fees, licenses and subscriptions	-	-	-	-	-	75	75	1,900
Program supplies	-	-	-	-	-	-	-	89,227
	\$ 1,908,634	\$ 939,985	\$ 439,317	\$ 798,789	\$ 4,086,725	\$ 366,008	\$ 5,090,182	\$ 4,154,896

(See accompanying notes to the financial statements)

**Nyaya Health d/b/a Possible
Statements of Cash Flows
For the years ended July 31, 2017 and 2016**

	2017	2016
Cash Flows From Operating Activities		
Changes in net assets	\$ 196,882	\$ 455,148
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,673	1,572
(Increase) Decrease in:		
Grants receivable	100,293	(100,724)
Prepaid expenses	(840)	4,840
Increase (Decrease) in:		
Accounts payable and accrued expenses	18,649	35,234
Net Cash Provided by Operating Activities	317,657	396,070
Cash Flows From Investing Activities		
Security deposit paid	-	-
Purchase of property and equipment	(699)	(7,564)
Net Cash(Used in) Investing Activities	(699)	(7,564)
Cash Flows From Financing Activities		
(Payments to) proceeds from loan payable	(83,041)	(100,000)
(Payments to) proceeds from board member loans payable	-	(190,000)
Net proceeds from (payment to) long-term debt	-	54,900
Net Cash(Used in) Provided by Financing Activities	(83,041)	(235,100)
Net increase in cash and cash equivalents	233,917	153,406
Cash and cash equivalents, Beginning of year	1,444,437	1,291,031
Cash and Cash Equivalents, End of Year	\$ 1,678,354	\$ 1,444,437
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 4,114	\$ 1,438
Cash paid for taxes	\$ -	\$ -

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies

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, 2016 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, 2016, 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 d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

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, 2017 and 2016 the Organization received donated goods and services in the amount of \$187,545 and \$202,322, 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.

Property and Equipment

Property and equipment acquired are recorded at cost. It is the organization's policy to capitalize expenditures. Property and equipment are being depreciated using the straight-line method over their estimated useful lives as follows:

Computer & equipment	3 years
Furniture & fixtures	5 years

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates include long lived assets, interest rate and fair value of gifts received.

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

**Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2017 and 2016**

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

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 \$979 and \$919 for the years ended July 31, 2017 and 2016, respectively.

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.

Reclassification

Certain reclassifications have been made to prior year's financial statement to conform to classifications used in the current year.

Note 2 - Restrictions on Net Assets

Temporarily restricted net assets reflect donations restricted for future expenses related to programs in earthquake affected areas in Nepal. As of July 31, 2017 and 2016, \$369,470 and \$546,428 are temporarily restricted, respectively.

Note 3 - Concentrations of Credit Risk

The organization maintains its cash at a bank that is insured by the Federal Deposit Insurance Company up to \$250,000. As of July 31, 2017 the total amount exceeding the insured amount is approximately \$1,428,000.

**Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2017 and 2016**

Note 4 - Property and Equipment

	<u>Life/Years</u>	<u>2017</u>	<u>2016</u>
Computers & equipment	3	\$ 7,813	\$ 7,114
Furniture & fixtures	5	450	450
		8,263	7,564
Less: accumulated depreciation		(4,245)	(1,572)
		<u>\$ 4,018</u>	<u>\$ 5,992</u>

Depreciation expense for the years ended July 31, 2017 and 2016 was \$2,673 and \$1,572, respectively.

Note 5 - Long-Term Debt

Long term debt at July 31, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
(a) SEED Energy, Inc. d/b/a Sunfarmer - May 6, 2014	\$ -	\$ 27,328
(b) SEED Energy, Inc. d/b/a Sunfarmer - December 21, 2015	-	55,713
	-	83,041
Less: Current maturities:	-	21,694
Total long-term debt	<u>\$ -</u>	<u>\$ 61,347</u>

- (a) 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 through June 30, 2022 with interest at 5.4%. As of May 2017 the loan and its related interest has been paid in full.
- (b) Loan agreement dated December 21, 2015 with SEED Energy, Inc. dba Sunfarmer payable in 20 equal quarterly payments over eight years commencing on March 31, 2016 through September 30, 2020 with interest at 5.4% As of May 2017 the loan and its related interest has been paid in full.

Note 6 - Grants to Nepal Affiliate

Nyaya provides funding to Nyaya Health Nepal in Nepal (See Note 1). Financial support is sent to Nepal via wire transfer. Nyaya Health Nepal receives regular monthly grants based on the specific expenditures and is responsible for its own filings in Nepal.

Note 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.

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2017 and 2016

Note 8 – Concentrations

Donations from two organizations in the amount of \$1,000,000 and \$600,000 represent approximately 19% and 11%, respectively, of the Organization’s total support and revenue for the year ended July 31, 2017. Donations from two organizations in the amount of \$600,000 and \$498,948 represent approximately 13% and 11%, respectively, of the Organization’s total support and revenue for the year ended July 31, 2016.

Note 9 – Commitments and Contingencies

The Organization subleases office space under a non-cancellable operating lease agreement expiring on June 29, 2019.

Future minimum lease payments subsequent to July 31, 2017 are as follows:

2018	\$	48,000
2019		<u>44,000</u>
	<u>\$</u>	<u>92,000</u>

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through April 2, 2018, the date which the financial statements were available to be issued.