

Financial Statements

Nyaya Health d/b/a Possible

For the years ended July 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Liggett & Webb P.A.

New York, NY
December 7, 2020

**Nyaya Health d/b/a Possible
Statements of Financial Position
As of July 31, 2020, and 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 688,140	\$ 102,909
Grants receivable	69,014	135,135
Prepaid expenses	<u>9,155</u>	<u>7,971</u>
Total Current Assets	766,309	246,016
 Property and equipment, net	 250	 1,307
Security deposit	-	14,500
 Total Assets	 <u><u>\$ 766,559</u></u>	 <u><u>\$ 261,823</u></u>
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable & accrued expenses	\$ 1,598	\$ 85,829
Note payable	<u>45,820</u>	<u>-</u>
Total liabilities	47,418	85,829
 Note payable - long-term	 <u>77,134</u>	 <u>-</u>
 Total liabilities	 124,552	 85,829
 Net Assets		
Without donor restrictions	642,007	175,994
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	642,007	175,994
 Total Liabilities and Net Assets	 <u><u>\$ 766,559</u></u>	 <u><u>\$ 261,823</u></u>

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Activities
For the years ended July 31, 2020 and 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Other Revenue				
Public Support				
Gifts and contributions	\$ 3,216,457	\$ -	\$ 3,216,457	\$ 2,273,377
Grants	28,963	-	28,963	135,135
Other Revenue				
Donated goods and services	170,781	-	170,781	145,488
	<u>3,416,201</u>	<u>-</u>	<u>3,416,201</u>	<u>2,554,000</u>
Net assets released from restrictions				
Satisfaction of donor restrictions	-	-	-	-
Total Public Support and Other Revenue	<u>3,416,201</u>	<u>-</u>	<u>3,416,201</u>	<u>2,554,000</u>
Expenses				
Program Services	<u>2,216,322</u>	<u>-</u>	<u>2,216,322</u>	<u>2,361,381</u>
Supporting Services				
General & administrative expenses	206,812	-	206,812	284,942
Fundraising	527,054	-	527,054	555,088
Total Supporting Services	<u>733,866</u>	<u>-</u>	<u>733,866</u>	<u>840,030</u>
Total Expenses	<u>2,950,188</u>	<u>-</u>	<u>2,950,188</u>	<u>3,201,411</u>
Changes in Net Assets	466,013	-	466,014	(647,410)
Net Assets, Beginning of year	<u>175,994</u>	<u>-</u>	<u>175,994</u>	<u>823,404</u>
Net Assets, End of Year	<u>\$ 642,007</u>	<u>\$ -</u>	<u>\$ 642,008</u>	<u>\$ 175,994</u>

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Functional Expenses
For the years ended July 31, 2020 and 2019

	Program Services					Supporting Services			
	Direct Delivery	System Building	Design and Research	Capital Projects	Total Program Services	G&A	Fundraising	Total 2020	Total 2019
Grants to Nepal affiliate	\$ 1,289,112	\$ 173,365	\$ 208,800	\$ 152,336	\$ 1,823,613	\$ -	\$ -	\$ 1,823,613	\$ 1,795,200
Salaries and wages	-	84,793	134,304	-	219,097	78,670	267,210	564,977	822,820
In-kind expenses	-	12,744	-	-	12,744	12,744	120,000	145,488	145,488
Consultancy and other professional fees	-	29,475	7,665	17,626	54,766	39,990	67,291	162,047	111,644
Payroll taxes and fees	-	8,082	12,547	-	20,629	7,192	24,075	51,896	74,746
Employee benefits	-	4,000	10,666	-	14,666	3,419	21,023	39,108	39,285
Travel Costs	-	9,167	10,410	-	19,577	6,986	3,288	29,851	70,960
Occupancy expenses	-	-	-	-	-	12,000	12,000	24,000	48,000
Website and IT services	-	15,892	15,037	-	30,929	17,151	4,069	52,149	47,485
Accounting and auditing fees	-	-	-	-	-	14,000	-	14,000	14,150
Staff recruitment, development and conferences	-	10,000	10,300	-	20,300	1,446	810	22,556	17,560
Insurance	-	-	-	-	-	6,698	-	6,698	7,202
Loss on disposition of asset	-	-	-	-	-	59	-	59	-
Interest Expense	-	-	-	-	-	273	-	273	-
Office, telephone, printing and postage Advertising	-	-	-	-	-	421	-	421	898
Depreciation Expense	-	-	-	-	-	998	-	998	1,869
Miscellaneous	-	-	-	-	-	1,559	784	2,343	3,428
Legal fees	-	-	-	-	-	3,206	6,504	9,710	677
	<u>\$ 1,289,112</u>	<u>\$ 347,518</u>	<u>\$ 409,729</u>	<u>\$ 169,962</u>	<u>\$ 2,216,322</u>	<u>\$ 206,812</u>	<u>\$ 527,054</u>	<u>\$ 2,950,188</u>	<u>\$ 3,201,411</u>

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Cash Flows
For the years ended July 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 466,013	\$ (647,410)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	998	1,869
Interest expense	273	
Loss on sale of disposition	59	-
(Increase) Decrease in:		
Grants receivable	66,121	(77,723)
Prepaid expenses	(1,184)	846
Security Deposit	14,500	(4,500)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(84,504)	(59,689)
Net Cash provided by (used in) Operating Activities	<u>462,276</u>	<u>(786,607)</u>
Cash Flows From Investing Activities	-	-
Cash Flows From Financing Activities		
Proceeds from note payable	122,954	-
Net Cash Provided by Financing Activities	<u>122,954</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	585,230	(786,607)
Cash and cash equivalents, Beginning of year	<u>102,910</u>	<u>889,517</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 688,140</u></u>	<u><u>\$ 102,910</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash paid for taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2020 and 2019

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, 2020 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, 2019, 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as presented on the following page.

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions 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.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the 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. They also include 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

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2020 and 2019

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, 2020 and 2019 the Organization received donated goods and services in the amount of \$170,781 and \$145,488, respectively which are included in other income.

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 DBA Possible is a nonprofit that works to achieve the vision of everyone everywhere having access to high-quality healthcare. Possible has achieved this through a combination of fundraising and technical support to Nyaya Health Nepal (NHN). This year marked an important juncture in Possible's partnership with Nyaya Health Nepal (NHN), where NHN is independently leading the direct healthcare delivery in Nepal while Possible focuses on taking forward the legacy of innovation and research to continue to build the evidence base needed to address implementation and policy gaps in the equity, quality and accessibility of healthcare.

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.

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2020 and 2019

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

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 \$0 and \$124 for the years ended July 31, 2020 and 2019, 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.

New Accounting Pronouncements

During 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets. It also provides more information about the non-profit's liquidity.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) – This ASU clarifies the principle for recognizing revenue and creates a common revenue standard for U.S. GAAP and International Financial Reporting Standards. This ASU is effective for the year ending July 31, 2020.

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2020 and 2019

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

The FASB issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* – This ASU is intended to clarify and improve the scope and accounting guidance for the contributions received and contributions made. The ASU is effective for the year ending July 31, 2020.

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

Net assets with donor restrictions reflect donations restricted for future expenses related to programs in earthquake affected areas in Nepal. As of July 31, 2020, and 2019, there were no net assets with donor restrictions.

Note 3 - Concentrations of Credit Risk

The organization maintains its cash at a bank that is insured by the Federal Deposit Insurance Company up \$250,000. As of July 31, 2020, there was approximately \$440,000 exposed to credit risk.

Note 4 - Property and Equipment

	<u>Life/Years</u>	<u>2020</u>	<u>2019</u>
Computers & equipment	3	\$ 7,553	\$ 8,612
Furniture & fixtures	5	450	450
Total cost		8,003	9,062
Less: accumulated depreciation		(7,753)	(7,755)
Property and equipment, net		<u>\$ 250</u>	<u>\$ 1,307</u>

Depreciation expense for the years ended July 31, 2020 and 2019 was \$998 and \$1,869 respectively.

Note 5 - 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 6 - 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, 2020 and 2019

Note 7 - Concentrations

Donations from three organizations in the amount of \$400,000, \$400,000 and \$372,726 represent approximately 12%, 12% and 11%, respectively, of the Organization's total support and revenue for the year ended July 31, 2020.

Donations from three organizations in the amount of \$400,000, \$396,246 and \$250,000 represent approximately 16%, 16% and 10%, respectively, of the Organization's total support and revenue for the year ended July 31, 2019.

Note 8 - Note Payable

On May 11, 2020, the Company received a loan under the Paycheck Protection Program ("PPP") of \$122,954. Proceeds from the loan are used to cover qualifying expenses related to payroll, rent and utilities, during the twenty-four-week period, subsequent to the cash being received by the Organization, are eligible to be forgiven. The forgiveness amount allows for not more than 25% of the forgiveness to be for non-payroll items and is subject to reduction if employees are terminated or wages are reduced. The remaining unforgiven amount of the loan bears interest at 1% per annum and matures on May 11, 2022. Initial principal payments are deferred for the first six months; however, interest still accrues during this time. There are no collateral requirements or prepayment penalties associated with the loan. Interest expense for the year was \$273.

Maturities of notes payable as of July 31, are as follows:

2021	45,820
2022	77,134
	<u>\$ 122,954</u>

Note 9 - Liquidity

The Organization is substantially supported by donations without donor restrictions. Per the Organizations liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

	<u>July 31, 2020</u>
Assets	
Cash and cash equivalents	\$ 688,140
Grant Receivables	<u>69,014</u>
Total financial assets and other resources available for expenditure within one year	<u>\$ 757,154</u>

The Organization has implemented significant cost reduction activities to improve cash liquidity. This includes reduction in staffing and other reoccurring expenses such as rent. Additionally, major donors have been donating directly to Nyaya Health Nepal which results in an equal amount of decrease in contributions and expenses. The Organization believes that the current cash on hand and the future contributions can fund operations for an additional twelve months. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through December 7, 2020, which is the date the financial statements were available to be issued.