

Financial Statements

Nyaya Health d/b/a Possible

For the years ended July 31, 2022 and 2021

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

Opinion

We have audited the accompanying financial statements of Nyaya Health d/b/a Possible (a nonprofit organization), which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nyaya Health d/b/a Possible and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nyaya Health d/b/a Possible's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nyaya Health d/b/a Possible's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nyaya Health d/b/a Possible's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Liggett, Melzer & Joshi, CPA's P.C.

New York, NY
February 22, 2023

**Nyaya Health d/b/a Possible
Statements of Financial Position
As of July 31, 2022, and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 359,500	\$ 709,406
Restricted cash	210,989	-
Grants receivable	114,611	147,763
Prepaid expenses	1,229	2,863
Total Current Assets	<u>686,329</u>	<u>860,032</u>
Property and equipment, net	3,460	4,378
Total Assets	<u><u>\$ 689,789</u></u>	<u><u>\$ 864,410</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 62,630	\$ 22,257
Total Liabilities	<u>62,630</u>	<u>22,257</u>
Net Assets		
Without donor restrictions		
Designated by the Board for Nepali partner organization	-	137,237
Undesignated	416,170	704,916
Total net assets without donor restrictions	<u>416,170</u>	<u>842,153</u>
With donor restrictions	210,989	-
Total Net Assets	<u>627,159</u>	<u>842,153</u>
Total Liabilities and Net Assets	<u><u>\$ 689,789</u></u>	<u><u>\$ 864,410</u></u>

(See independent auditor's report and accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Activities
For the years ended July 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue						
Public Support						
Gifts and contributions	\$ 382,775	\$ 31,030	\$ 413,805	\$ 1,477,961	\$ -	\$ 1,477,961
Grants	61,827	179,959	241,786	147,763	-	147,763
Donated goods and services	137,496	-	137,496	141,492	-	141,492
Other Revenue						
Gain on forgiveness of PPP loan	-	-	-	123,227	-	123,227
Interest income	124	-	124	50	-	50
Total Public Support and Other Revenue	582,222	210,989	793,211	1,890,493	-	1,890,493
Expenses						
Program Services	772,576	-	772,576	1,428,209	-	1,428,209
Supporting Services						
General and administrative expenses	83,736	-	83,736	99,745	-	99,745
Fundraising	151,893	-	151,893	162,393	-	162,393
Total Supporting Services	235,629	-	235,629	262,138	-	262,138
Total Expenses	1,008,205	-	1,008,205	1,690,347	-	1,690,347
Changes in Net Assets	(425,983)	210,989	(214,994)	200,146	-	200,146
Net Assets, Beginning of year	842,153	-	842,153	642,007	-	642,007
Net Assets, End of Year	\$ 416,170	\$ 210,989	\$ 627,159	\$ 842,153	\$ -	\$ 842,153

(See independent auditor's report and accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statement of Functional Expenses
For the year ended July 31, 2022

	Program Services				Supporting Services		
	Direct Delivery	System Building	Design and Research	Total Program Services	G&A	Fundraising	Total 2022
Grants to Nepal affiliate	\$ 153,450	\$ 119,827	\$ 391,434	\$ 664,711	\$ -	\$ -	\$ 664,711
Salaries and wages	-	15,373	7,687	23,060	38,433	15,373	76,866
In-kind expenses	-	8,748	-	8,748	8,748	120,000	137,496
Consultancy and other professional fees	-	30,229	28,189	58,418	5,450	8,634	72,502
Payroll taxes and fees	-	1,336	668	2,005	4,191	1,336	7,532
Employee benefits	-	1,067	534	1,601	2,668	1,067	5,336
Website and IT services	-	1,340	12,693	14,033	4,290	2,948	21,271
Accounting and auditing fees	-	-	-	-	15,276	-	15,276
Insurance	-	-	-	-	3,339	-	3,339
Office, telephone, printing and postage	-	-	-	-	423	149	572
Depreciation expense	-	-	-	-	918	-	918
Miscellaneous	-	-	-	-	-	2,386	2,386
	<u>\$ 153,450</u>	<u>\$ 177,920</u>	<u>\$ 441,205</u>	<u>\$ 772,576</u>	<u>\$ 83,736</u>	<u>\$ 151,893</u>	<u>\$ 1,008,205</u>

(See independent auditor's report and accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statement of Functional Expenses
For the year ended July 31, 2021

	Program Services				Supporting Services		
	Direct Delivery	System Building	Design and Research	Total Program Services	G&A	Fundraising	Total 2021
Grants to Nepal affiliate	\$ 932,823	\$ 125,450	\$ 152,962	\$ 1,211,235	\$ -	\$ -	\$ 1,211,235
Salaries and wages	-	16,584	27,632	44,216	41,885	22,514	108,615
In-kind expenses	-	10,746	-	10,746	10,746	120,000	141,492
Consultancy and other professional fees	-	67,559	66,843	134,402	13,764	9,750	157,916
Payroll taxes and fees	-	1,631	2,322	3,953	2,965	2,075	8,993
Employee benefits	-	1,056	2,687	3,743	3,167	2,036	8,946
Travel Costs	-	-	-	-	15	-	15
Website and IT services	-	7,808	12,106	19,914	8,647	3,860	32,421
Accounting and auditing fees	-	-	-	-	14,155	-	14,155
Insurance	-	-	-	-	2,329	-	2,329
Office, telephone, printing and postage	-	-	-	-	478	-	478
Depreciation expense	-	-	-	-	1,169	-	1,169
Miscellaneous	-	-	-	-	43	2,024	2,067
Legal fees	-	-	-	-	382	134	516
	<u>\$ 932,823</u>	<u>\$ 230,834</u>	<u>\$ 264,552</u>	<u>\$ 1,428,209</u>	<u>\$ 99,745</u>	<u>\$ 162,393</u>	<u>\$ 1,690,347</u>

(See independent auditor's report and accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Statements of Cash Flows
For the years ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
(Decrease) Increase in net assets	\$ (214,994)	\$ 200,146
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	918	1,169
Gain on forgiveness of PPP loan	-	(123,227)
(Increase) Decrease in:		
Grants receivable	33,152	(78,749)
Prepaid expenses	1,634	6,292
Increase (Decrease) in:		
Accounts payable and accrued expenses	40,373	20,931
Net Cash (Used in) Provided by Operating Activities	<u>(138,917)</u>	<u>26,562</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(5,296)
Net Cash (Used in) Investing Activities	<u>-</u>	<u>(5,296)</u>
Net (decrease) increase in cash and cash equivalents	(138,917)	21,266
Cash & Cash Equivalents & Restricted Cash, Beginning of Year	<u>709,406</u>	<u>688,140</u>
Cash & Cash Equivalents & Restricted Cash, End of Year	<u><u>\$ 570,489</u></u>	<u><u>\$ 709,406</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report and accompanying notes to the financial statements)

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2022 and 2021

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”) and Sambhav (Possible), Nepal based NGOs. The organizations operate under a Memorandum of Understanding whereby the local NGO supports the implementation of their joint mission. Nyaya Health makes funding decisions regarding NHN and Sambhav (Possible) through an annual budgeting process based upon funding availability. Funds are distributed on a quarterly basis. Each entity is controlled by separate Boards of Directors; however, the organizations collaborate on identifying needs, developing proposals, implementing projects, and providing support, mentorship 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.

Cash and Cash Equivalents

The organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

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.

Board Designated Net Assets: Board designated net assets consist of cash balances for future grants to Nepal based partner NGOs.

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, 2022 and 2021

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.

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 rooted in evidence, inclusion and equity. To achieve this, Possible (1) conducts rigorous and collaborative research and innovation to address gaps in the equity, quality and accessibility of healthcare and (2) Channel resources to deliver life-saving healthcare in Nepal. In collaboration with its partners in the US and Nepal, Possible leverages its long history of both direct care delivery and healthcare research, to provide technical assistance as well as develop and test novel interventions across various health categories (e.g., reproductive health, mental health) and at various systems of care (e.g., home-based, clinical-based, and hospital based). Possible's expertise is in working closely with community-based organizations to help develop a robust research and innovation infrastructure to create generalizable knowledge that can impact care in other low-resource settings.

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, 2022 and 2021

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 net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, it is reclassified to net assets without donor restrictions upon expiration of the restriction and reported in the 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 for the years ended July 31, 2022 and 2021, was \$0 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'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

In July 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets. The ASU will improve transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholder' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Adoption of this accounting pronouncement had no impact on the Nyaya Health d/b/a possible's financial statements.

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2022 and 2021

Note 2 - Restrictions on Net Assets

Net assets with donor restrictions reflect donations restricted for future expenses related to programs into operations support as well as evidence building around community health worker programs and a family intervention to address mental health and domestic violence in Nepal. As of July 31, 2022, there were \$210,989 net assets with donor restrictions. As of July 31, 2021, 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, 2022, there was approximately \$50,174 exposed to credit risk.

Note 4 - Property and Equipment

Property and equipment at July 31, 2022 and 2021 consist of the following:

	<u>Life/Years</u>	<u>2022</u>	<u>2021</u>
Computers & equipment	3	\$ 12,850	\$ 12,850
Furniture & fixtures	5	450	450
Total cost		13,300	13,300
Less: accumulated depreciation		(9,840)	(8,922)
Property and equipment, net		<u>\$ 3,460</u>	<u>\$ 4,378</u>

Depreciation expense for the years ended July 31, 2022 and 2021 was \$918 and \$1,169 respectively.

Note 5 – Donated Goods and Services

Donated goods and services for the years ended July 31, 2022 and 2021, included in the statement of activities were as follows:

	<u>2022</u>	<u>2021</u>
Digital advertising	\$ 120,000	\$ 120,000
Digital workplace management tool	9,996	13,992
Cloud storage	7,500	7,500
	<u>\$ 137,496</u>	<u>\$ 141,492</u>

Fair value techniques – Digital advertising, workplace management tools and cloud storage services are valued based on the current rates of those services provided by each business.

Donor restrictions and use –All donated goods and service contributions are not restricted. The Organization does not sell in-kind contributions and uses the services in management and general activities.

Note 6 - Grants to Nepal Affiliate

Nyaya provides funding to Nyaya Health Nepal and Sambhav(Possible) in Nepal (See Note 1). Financial support is sent to Nepal via wire transfer. These NGO receive quarterly grants based on the specific expenditures and is responsible for its own filings in Nepal.

Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2022 and 2021

Note 7 - Employee Pension Plan

Nyaya employees may elect to enroll in a TriNet 401(k) Plan offered through Empower Retirement. 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.

Note 8 - Concentrations

Donations from three organizations in the amount of \$311,480 and \$124,382 represent approximately 39% and 16%, respectively of the Organization's total support and revenue for the year ended July 31, 2022.

Donations from three organizations in the amount of \$417,346 and \$250,000 represent approximately 22% and 17%, respectively of the Organization's total support and revenue for the year ended July 31, 2021.

Note 9 - Note Payable

On May 11, 2020, the Company received a loan under the Paycheck Protection Program ("PPP") of \$123,227. 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. On May 17, 2021, the loan forgiveness on the PPP Loan of \$123,227 was approved by the SBA as the proceeds were used for qualifying expenses.

Note 10 - 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.

The financial assets available within one year from July 31, 2022 for general expenditure are as follows:

Assets	
Cash and cash equivalents	\$ 359,500
Grant receivable	114,611
Total financial assets and other resources available for expenditure within one year	<u>\$ 474,111</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.

**Nyaya Health d/b/a Possible
Notes to Financial Statements
For the years ended July 31, 2022 and 2021**

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through February 22, 2023, which is the date the financial statements were available to be issued.