

AROGYA, INC.
(d/b/a AROGYA WORLD)

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

AROGYA, INC.
(d/b/a AROGYA WORLD)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Arogya, Inc.
(d/b/a Arogya World)
Langhorne, PA

We have audited the accompanying financial statements of Arogya, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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 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 Organization'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 Organization'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 Arogya, Inc. as of December 31, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Philadelphia, Pennsylvania
July 25, 2017

AROGYA, INC.
(d/b/a AROGYA WORLD)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

Current assets

Cash	\$ 341,228
Contributions receivable	10,093
Investments	3,089
Total assets	\$ 354,410

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 10,857
Deferred revenue	48,697
Total current liabilities	59,554

Net assets

Unrestricted	249,178
Temporarily restricted	45,678
Total net assets	294,856
Total liabilities and net assets	\$ 354,410

See notes to financial statements.

AROGYA, INC.
(d/b/a AROGYA WORLD)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Grants and contributions	\$ 117,304	\$ 65,000	\$ 182,304
Special event	152,479	-	152,479
In-kind contributions	148,112	-	148,112
Interest income	267	-	267
Other income	5,000	-	5,000
Net unrealized/realized gain on investments	712	-	712
Net assets released from restrictions	46,468	(46,468)	-
Total revenues and support	470,342	18,532	488,874
Expenses			
Program services	276,993	-	276,993
Special event			
Direct donor benefit	35,331	-	35,331
Event costs	13,670	-	13,670
Development	13,970	-	13,970
General and administrative	65,834	-	65,834
Total expenses	405,798	-	405,798
Change in net assets	64,544	18,532	83,076
Net assets, beginning of year	184,634	27,146	211,780
Net assets, end of year	\$ 249,178	\$ 45,678	\$ 294,856

See notes to financial statements.

AROGYA, INC.
(d/b/a AROGYA WORLD)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities

Changes in net assets	\$	83,076
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Net unrealized/realized gain on investments		(712)
Contributed marketable securities		(5,163)
Changes in operating assets in liabilities		
Contributions receivable		(6,024)
Accounts payable		(21,669)
Deferred revenue		(54,740)
<hr/>		
Net cash used in operating activities		(5,232)

Cash flows provided by investing activities

Proceeds from sale of investments		4,984
<hr/>		
Net decrease in cash		(248)
Cash, beginning of year		341,476
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Cash, end of year	\$	341,228

See notes to financial statements.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Arogya, Inc. (d/b/a Arogya World) (the "Organization"), founded in 2010, is a global health not-for-profit organization working to prevent non-communicable diseases (NCDs) through health education and lifestyle changes. The Organization strives to achieve its mission of changing the course of chronic diseases by focusing on partnerships and innovative technology and by implementing scalable and sustainable programs with measurable impact. The Organization has been successful through their multi-pronged community approach taking prevention to where people live, learn and work, implementing effective, low-cost prevention programs with a broad reach (\$0.5/person to educate; \$6/person for impact). To date, the Organization have reached more than 3 million people through their programs and estimate to have improved the health behaviors of more than 250,000. The Organization's goal is to help 1 million people lead healthy lives by 2020.

India is a key country of focus because of its alarmingly high NCD disease burden – 20% of the population has 1 NCD, 10% with more than one, and 50% dies from NCDs. The organization has four major areas of focus:

- **mHealth:** The Organization's innovative mDiabetes (*mHealth 1.0*) program was successful in helping approximately 150,000 Indians lead healthier lives. **mHealth 2.0** is the second phase of the Organization's mobile Health program. The Organization developed a mobile app called myArogya, on Android and iOS phones, designed as a one-stop shop for chronic disease prevention for working Indians. In addition to diabetes, the app also includes messages on heart disease, stroke, and kidney disease awareness and prevention and has food and activity trackers to help consumers on their health journey.
- Healthy Workplaces is a 2013 Clinton Global Initiative Commitment from Arogya World where the Organization works with companies in India to earn recognition as Healthy Workplaces (Bronze, Silver and Gold levels) according to criteria the Organization co-created with industry in 2012. By shaping the culture of companies to become health promoting, the Organization is helping employees lead healthy lives. Arogya World designed the new Platinum Level, with stringent metrics, for select Gold level companies. The total number of Healthy Workplaces that the global health non-profit has recognized to date is 79, with a total workforce of approximately 2 million. One of the world's largest employers, Indian Railways, with employee strength of 1.3 million, is one of the Organization's 2016's Healthy Workplaces.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Nature of Activities (Continued)

- **Women and Children:** This includes the Organization's Healthy Schools and My Thali programs. *Healthy Schools*, Arogya World's first program, has educated over 8,000 children by the end of 2016. The Organization estimates that the program has positively impacted 14% of the children. It is a 2-year program designed to teach middle school children the basics of healthy eating and physical activity, before their lifestyle habits are set, with the goal of preventing diabetes. This program is part of Arogya World's Commitment to the UN's *Every Woman, Every Child* Initiative, an unprecedented effort to improve the health of women and children everywhere. The Organization is on track to meet their commitment. The Organization is scaling up this program by exploring partnerships with large school networks. *MyThali* is a program the Organization started in 2015, by inviting experts from several organizations to New Delhi to discuss and develop MyThali, a new nutritional icon (similar to "My Plate" in the US) based on the National Institute of Nutrition (NIN) guidelines for India. The goal of MyThali is to empower Indians to eat healthier food. In 2016, with the help of a nutritional consultant, the Organization focused on the technical calculations to develop an accurate picture of MyThali. Next steps include developing a consumer friendly picture and consumer testing and building an interactive website.

- **NCD Global Advocacy and Awareness:** The Organization is active with the Alliance for Food & Health, Taskforce on Women and NCDs and Clinton Global Initiative and leverages these global platforms to make a difference on the ground, improving the health and lives of people in India and beyond. The *10,000 Global Women's NCD Impact Survey* was a very successful global advocacy program initiated by Arogya World. The Organization continues to receive invitations to share the rich survey data on the impact of NCDs on women's everyday lives.

Basis of Presentation

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting, and as such, are required to report 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.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Net assets are categorized according to externally (donor) imposed restrictions. A description of the net assets categories is as follows:

Unrestricted net assets - are those net assets that are available for the support of operations and whose use is not externally restricted by donors.

Temporarily restricted net assets - are those net assets subject to donor-imposed stipulations that can be fulfilled by the Organization's actions pursuant to these stipulations or that expire by the passage of time.

Permanently restricted net assets - are those net assets whose use by the Organization has been limited by donors in perpetuity. There were no permanently restricted net assets as of the statement of financial position date.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Management has recorded an allowance for doubtful accounts based on historical experience.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported as increases or decreases in unrestricted net assets in the reporting period.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue includes proceeds from a grant that have not been earned at year-end, but are expected to be recognized as revenue in future years as expenses are incurred in fulfillment of the terms of the grant. A condition of this grant is that any unspent funds at the end of the grant term would be returned to the grantor.

Support and Revenue Recognition

In accordance with US GAAP, grants and contributions, including unconditional promises to give, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Grants and contributions are recorded upon receipt of notification.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Gifts for which the donor restriction expires in the same year as the receipt of the gift are included in unrestricted support.

All contributions are considered available for unrestricted use unless specifically restricted by donor request.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon employee time spent on each program or service.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization generally pays for most services requiring specific expertise. The value of donated services is recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services that met the criteria for recognition are included as in-kind contribution revenue and related expenses in the accompanying statement of activities and changes in net assets. The Organization recorded \$113,587 of in-kind contributions for time (salary) donated by Board members fulfilling the roles of Chief Executive Officer and Chief Financial Officer and for other professional services rendered during the year ended December 31, 2016. Additionally, the Chief Executive Officer and others personally paid for approximately \$34,525 of unreimbursed travel and related costs for business trips and other costs incurred in administering the Organization's programs or in fundraising efforts.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3), and is exempt from state income taxes under the provisions of the Pennsylvania Nonprofit Corporation Law. The Organization is not a private foundation under Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal or state income taxes are included in the accompanying financial statements.

2 - INVESTMENTS

Investments, stated at fair market value, consist of large cap equity of \$3,089 as of December 31, 2016.

3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted for the purpose of funding the following programs:

December 31, 2016	
Healthy Workplace Platinum Award	\$ 19,050
My Thali	17,397
Smokefree Worksites	9,231
	<u>\$ 45,678</u>

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

4 - FAIR VALUE MEASUREMENTS

The Organization’s investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were utilized by for the Organization for the year ended December 31, 2016.

Level 1 - Fair Value Measurements

The fair value of equities is based on quoted net asset values (“NAV”) of the shares held by the Organization at year-end.

	December 31, 2016	
	Level 1	Total
Large cap equity	\$ 3,089	\$ 3,089

5 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, approximately 25% of grants and contributions revenue was received from one board member. Contributions from board members are utilized to fund primarily all general and administrative and development costs. Contributions from outside donors are utilized to fund program costs.

AROGYA, INC.
(d/b/a AROGYA WORLD)

NOTES TO FINANCIAL STATEMENTS

6 - CONCENTRATION OF CREDIT RISK

Cash

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. FDIC uninsured cash balances at December 31, 2016 totaled approximately \$28,000.

Contributions and Accounts Receivable

During the year ended December 31, 2016, approximately 60% of grants and contributions revenue was received from two donors. Contributions receivable related to these two donors amounted to approximately all the contributions receivable at December 31, 2016.

7 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Further, management has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements.

8 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 25, 2017, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AROGYA, INC.
(d/b/a AROGYA WORLD)

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	NCD Global Advocacy and Awareness	Women and Children's Programs	Healthy Workplace	mHealth/ Technology	Total Program Service	Special Event Fundraising	Development	General and Administrative	Total
Application development	\$ -	\$ -	\$ -	\$ 15,100	\$ 15,100	\$ -	\$ -	\$ -	\$ 15,100
Bank fees	-	40	207	721	968	-	1,002	77	2,047
Communications	13,619	39	3,534	533	17,725	-	-	-	17,725
Conferences and meetings	-	-	6,513	-	6,513	-	-	-	6,513
Consultant	-	5,356	31,465	12,627	49,448	12,990	11,170	4,613	78,221
Fundraising events	-	-	-	-	-	28,180	-	12	28,192
Grants	-	33,000	-	6,700	39,700	-	-	-	39,700
Insurance	-	-	-	-	-	-	397	782	1,179
Legal and professional	-	-	-	-	-	-	-	21,315	21,315
Occupancy	2,550	2,550	2,550	2,550	10,200	-	900	900	12,000
Office expense	-	-	-	14	14	-	-	892	906
Research	-	-	-	25,873	25,873	-	-	-	25,873
Salary	19,947	16,640	17,170	17,640	71,397	7,831	-	34,359	113,587
State tax	-	-	-	-	-	-	-	275	275
Travel and related expenses	5,924	165	29,278	4,688	40,055	-	501	2,609	43,165
Total expenses	\$ 42,040	\$ 57,790	\$ 90,717	\$ 86,446	\$ 276,993	\$ 49,001	\$ 13,970	\$ 65,834	\$ 405,798