

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

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2017

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) (the Organization), which comprise the statement of financial position as of December 31, 2017, 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, 2017, 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 15 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
November 8, 2018

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

Current assets

Cash	\$ 388,018
Pledge receivable, current portion	90,260
Investments	2,762
Total current assets	481,040
<hr/>	
Pledge receivable, net of current portion	80,462
Total assets	\$ 561,502

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 8,776
Deferred revenue	26,133
Total current liabilities	34,909

Net assets

Unrestricted	225,187
Temporarily restricted	301,406
Total net assets	526,593
Total liabilities and net assets	\$ 561,502

See notes to financial statements.

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Grants and contributions	\$ 145,693	\$ 232,082	\$ 377,775
Special event	80,056	86,773	166,829
In-kind contributions	163,560	-	163,560
Interest income	212	-	212
Net unrealized loss on investments	(328)	-	(328)
Net assets released from restrictions	63,127	(63,127)	-
Total revenues and support	452,320	255,728	708,048
Expenses			
Program services	362,915	-	362,915
Special event			
Direct donor benefit	33,507	-	33,507
Event costs	15,017	-	15,017
Development	12,968	-	12,968
General and administrative	51,904	-	51,904
Total expenses	476,311	-	476,311
Change in net assets	(23,991)	255,728	231,737
Net assets, beginning of year	249,178	45,678	294,856
Net assets, end of year	\$ 225,187	\$ 301,406	\$ 526,593

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities	
Changes in net assets	\$ 231,737
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Net unrealized loss on investments	328
Changes in operating assets in liabilities	
Pledge receivable	(160,629)
Accounts payable	(2,081)
Deferred revenue	(22,565)
<hr/> Net cash provided by operating activities	<hr/> 46,790
 Net increase in cash	 46,790
Cash, beginning of year	341,228
<hr/> Cash, end of year	<hr/> \$ 388,018

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 doorstep approach taking prevention to where people live, learn and work in India, implementing effective, low-cost prevention programs with a broad reach (\$0.5/person to educate; \$6/person for impact). The Organization has programs for different life stages to reinforce our healthy living messages.

To date, the Organization has reached more than 3 million people through their programs and estimates 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. In 2017, the Organization initiated its first US-based program for South Asians.

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

- **mHealth:** The Organization's mDiabetes Program is now expanding to 300,000 consumers in South India in partnering with Aravind Eye Hospitals, and supported by the Hans Foundation. The Organization also started its first US-based pilot program, mDiabetes text messaging program, amongst South Asians. **mHealth 2.0** is the second phase of the Organization's mobile Health program. With support from Cigna, 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 included messages on heart disease, stroke, and kidney disease awareness and prevention and had food and activity trackers to help consumers on their health journey. The study of its effectiveness was conducted by the Madras Diabetes Research Foundation and the data is being analyzed. From lessons learned through the Organization's initial mobile app, the Organization has partnered with Goqii to offer a state of the art mobile app for working Indians. Through a partnership with National Institute of Mental Health & Neurosciences (NIMHANS) in India, the Organization also developed mental health text messages.

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)

- **Healthy Workplaces** is a 2013 Clinton Global Initiative Commitment from Arogya World where the Organization has worked 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, the Organization is helping employees lead healthy lives through - a workplace no-tobacco-use policy, easy access to healthy foods and opportunities for physical activity, plus work-life balance and leadership endorsement. The Organization 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 through 2017 is 101 companies, with a total workforce of approximately 2.3 million. Importantly, one of the world's largest employers, Indian Railways, with an employee strength of 1.3 million, is one of the Organization's Healthy Workplaces. The Organization has 22 Platinum Level companies, totaling 650,000 employees, tracking employee health data. Promising health trends in 2017 versus 2016 showed improved blood pressure and cholesterol measurements, smoking decreased by 16% and a huge increase of 43% in employees who exercised regularly three to five times a week. The Organization partnered with NIMHANS to develop stress management and mental health intervention messages for the Organization's Healthy Workplace Companies as part of the mobile app. The Organization also produced case studies of companies implementing noteworthy mental health programs.

- **Women and Children:** This includes the Organization's Healthy Schools and My Thali programs. **Healthy Schools:** Arogya World's first program educated over 11,000 children by the end of 2017. This 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. Results from the Organization's pilot program demonstrated 15% positive impact. This program is part of the Organization'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 has already met that commitment to reach and teach 10,000 children with the Organization's Healthy Schools program by 2019. The Organization is rapidly scaling up this effective program through a grant from the Hans Foundation to educate 100,000 children over the next three years. The Organization is working with partners Agastya International Foundation and Hriday to achieve this. **My Thali** is a program started in 2015 to empower women to steer their families to healthy living.

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)

The Organization invited 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. In 2016, with the help of a nutritional consultant, technical calculations were used to develop an accurate picture of My Thali, which is now completed. This teaches people what to eat and in what quantities at each meal. The Organization consumer tested and designed flyers, posters and website content and have begun to promote MyThali in workplaces and have initiated impact assessment.

- **Global Advocacy and Awareness:** The Organization held a multi-stakeholder consultation, Salt Summit, on salt reduction approaches that might work in India. This was followed up by a white paper. The Organization created case studies that were included in the Global Health Council briefing book to show examples to the U.S. government of NCD programs that are working: Healthy Schools and mDiabetes. The Organization helped plan a side event “Women and NCDs: Debunking Myths and Taking Action” at the UN during the 61st session of the Commission on the Status of Women. This event, hosted by the Taskforce on Women & NCDs, issued a global Call to Action that demanded worldwide recognition of the health of women and girls as a social justice issue. Addressing mental health as an NCD has become increasingly important. The Organization was invited to participate in a conference, hosted by OneMind Initiative in Napa, focused on why companies and business leaders must make it a priority to tackle mental health in the workplace. The Organization presented case studies on approaches and programs on mental health from 2 pioneering Healthy Workplaces in India: Wipro and Reliance. The Organization continues to receive invitations to share our rich survey data on the impact of NCDs on women’s everyday lives based on the Organization’s *10,000 Global Women’s NCD Impact Survey* and continues to leverage this data to work with thought-leaders and policy makers to move governments into action.

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.

Pledge 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 \$131,760 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, 2017. Additionally, the Chief Executive Officer and others personally paid for approximately \$31,800 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 - PLEDGE RECEIVABLE

The Organization records unconditional promises to give when received. During the year ended December 31, 2017, the Organization received a contribution with multiple year payment terms. These receivables were recorded at their present value using a discount rate of 4.5%.

Gross unconditional promises to give	\$ 180,427
Less unamortized discount	(9,705)
	<hr/> \$ 170,722
Amounts due	
Within one year	\$ 90,260
Within two to five years	90,167
	<hr/> \$ 180,427

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

NOTES TO FINANCIAL STATEMENTS

3 - INVESTMENTS

Investments, stated at fair market value, consist of large cap equity of \$2,762 as of December 31, 2017.

4 - RESTRICTIONS ON NET ASSETS

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

December 31, 2017	
Hans mDiabetes	\$ 145,514
Hans Healthy Schools	80,437
Healthy Workplace Platinum Award	6,228
My Thali	25,330
Smokefree Worksites	9,097
US Healthy Communities	34,800
	<u>\$ 301,406</u>

5 - FAIR VALUE MEASUREMENTS

US GAAP defines fair value, provides guidance for measuring fair value and requires certain disclosures. GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

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

NOTES TO FINANCIAL STATEMENTS

5 - FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy, as applicable.

Equities – Valued at the daily closing price as reported by the equities. Equities held by the Organization are registered with the Securities and Exchange Commission. These equities are required to publish their daily net asset value (NAV) and to transact at that price. The equities held by the Plan are deemed to be actively traded.

The following table summarizes investment assets measured at fair value:

	December 31, 2017	
	Level 1	Total
Large cap equity	\$ 2,762	\$ 2,762

6 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, approximately 15% 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.

7 - 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, 2017 totaled approximately \$90,000.

Contributions and Accounts Receivable

During the year ended December 31, 2017, approximately 71% of grants and contributions revenue was received from three donors. One of those donors accounted for 100% of total pledge receivable at December 31, 2017.

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

NOTES TO FINANCIAL STATEMENTS

8 - 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.

9 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 8, 2018, 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, 2017

	mHealth/ Technology	Healthy Workplace	Women and Children's Programs	NCD Global Advocacy and Awareness	Total Program Service	Special Event Fundraising	Development	General and Administrative	Total
Application development	\$ 3,600	\$ -	\$ -	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ 3,600
Bank fees	1,083	181	95	1,463	2,822	1,508	-	-	4,330
Communications	7,712	2,469	1,971	15,808	27,960	-	-	-	27,960
Conferences and meetings	1,904	16,206	-	17,264	35,374	-	-	-	35,374
Consultant	21,637	44,425	13,561	1,083	80,706	13,603	12,968	3,553	110,830
Fundraising events	-	-	-	-	-	21,904	-	-	21,904
Grants	19,628	-	43,800	-	63,428	-	-	-	63,428
Insurance	-	-	-	-	-	373	-	2,928	3,301
Legal and professional	-	-	-	-	-	-	-	20,375	20,375
Occupancy	2,550	2,550	2,550	2,550	10,200	900	-	900	12,000
Office expense	-	-	-	-	-	-	-	531	531
Research	13,020	-	2,333	-	15,353	-	-	-	15,353
Salary	23,623	23,648	23,623	25,519	96,413	10,000	-	23,372	129,785
State tax	-	-	-	-	-	-	-	165	165
Travel and related expenses	6,178	9,706	6,037	5,138	27,059	236	-	80	27,375
Total expenses	\$ 100,935	\$ 99,185	\$ 93,970	\$ 68,825	\$ 362,915	\$ 48,524	\$ 12,968	\$ 51,904	\$ 476,311

See independent auditors' report.