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NOORA HEALTH

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Noora Health

Report on the Financial Statements

We have audited the accompanying financial statements of Noora Health (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, 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.

Auditor's 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 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 Noora Health as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 1 of the financial statements, Noora Health adopted new accounting guidance as issued by the Financial Accounting Standards Board (FASB) under Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Sikich LLP

Naperville, Illinois
November 1, 2019

FINANCIAL STATEMENTS

NOORA HEALTH

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 2,427,303
Grants receivable, net	100,162
Program receivables, net	1,950
Prepaid expenses	972
Total current assets	2,530,387
NONCURRENT ASSETS	
Property and equipment	10,004
Less accumulated depreciation	(2,152)
Total property and equipment, net	7,852
Security deposit	5,203
Total noncurrent assets	5,203
TOTAL ASSETS	$ 2,543,442

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 12,941
Accrued expenses	148,537
Total current liabilities	161,478
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,381,964
TOTAL LIABILITIES AND NET ASSETS	$ 2,543,442

See accompanying notes to financial statements.

NOORA HEALTH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

SUPPORT AND REVENUES	
WITHOUT DONOR RESTRICTION	
Grants and contributions	$ 1,296,105
Other income	3,671
Total support and revenues without donor restriction	1,299,776
EXPENSES	
Program services	1,392,318
Management and general	112,569
Fundraising	53,626
Total expenses	1,558,513
CHANGE IN NET ASSETS	(258,737)
NET ASSETS, BEGINNING OF YEAR	2,640,701
NET ASSETS, END OF YEAR	$ 2,381,964

See accompanying notes to financial statements.

NOORA HEALTH

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Bank fees	$ 4,916	$ 274	$ 274	$ 5,464
Conference	-	-	2,152	2,152
Consultants	316,890	-	-	316,890
Content development	19,119	-	-	19,119
Depreciation	1,554	86	86	1,726
Dues and subscription	5,702	318	318	6,338
Equipment	12,927	-	-	12,927
Grants and support to others	271,297	-	-	271,297
Insurance	3,266	181	181	3,628
Meals	5,580	-	675	6,255
Miscellaneous	3,791	69	69	3,929
Monitoring and evaluation	106,621	-	-	106,621
Office expenses	13,746	764	764	15,274
Office supplies	5,648	315	315	6,278
Payroll taxes	23,868	1,325	1,325	26,518
Printing	663	37	37	737
Professional services	96,520	75,302	4,504	176,326
Repairs and maintenance	2,876	160	160	3,196
Research	133,236	-	-	133,236
Salaries and benefits	281,886	33,266	33,266	348,418
Security	-	425	-	425
Shipping and postage	602	33	33	668
Technology development	2,382	-	-	2,382
Trainings	3,134	-	-	3,134
Translation services	1,179	-	-	1,179
Travel and lodging	64,867	-	9,453	74,320
Utilities	10,048	14	14	10,076
TOTAL	$ 1,392,318	$ 112,569	$ 53,626	$ 1,558,513

See accompanying notes to financial statements.

NOORA HEALTH

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (258,737)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	1,726
Bad debt expense	-
Contributions restricted for long-term purposes	-
Changes in certain assets and liabilities	
Grants receivable	16,221
Prepaid expenses	3,063
Accounts payable	(3,745)
Accrued expenses	61,883
Net cash from operating activities	(179,589)
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in restricted cash	-
Purchase of property and equipment	(2,752)
Net cash from investing activities	(2,752)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(182,341)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,609,644
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,427,303
SUPPLEMENTAL DISCLOSURES	
Interest paid	$ -
Income taxes paid	$ -

See accompanying notes to financial statements.

1. NATURE OF BUSINESS

Noora Health (the Organization) is a California not-for-profit organization that was incorporated in January 2014. The mission of the Organization is to promote good health and recovery for hospital patients in South Asia by training patients, their family members, and/or informal caregivers in basic health skills to help further patient recovery, to promote involvement of patients and family members in the medical recovery process, and to promote education by increasing community knowledge about health care, health maintenance, and basic recovery techniques. The Organization provides high-impact health skills in its training to improve outcomes and save lives. By training families with simple, low-risk skills, they are enabled to provide high quality care in the hospital and at home.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP). Net assets and revenues, expenses, gains and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes herein are classified and reported as follows:

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

Cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

The Organization has deposits at one financial institution in excess of federally insured limits of approximately $2,200,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the grant receivable. Grants expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Grants expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows. Additionally, grants receivable are stated at the amount management expects to collect from outstanding balances.

Allowance for Doubtful Accounts

The Organization provides for probable uncollectible amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for doubtful accounts is $0.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation of property and equipment is computed using the straight-line method over varying useful lives.

Depreciation is determined using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Property and equipment	5

Depreciation expense is $1,726.

Grants and Contributions

Gifts of cash and other assets received without donor stipulations are reported as increases in net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

Expenses are recognized when they are incurred. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, and occupancy, which are allocated on a square footage basis, as well as salaries, benefits, and travel costs, which are allocated based on estimates of time and effort.

Income Taxes

The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

Use of Estimates

The preparation of financial statements in conformity with USGAAP 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, including functional allocations during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14, which supersedes or replaces nearly all USGAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended, is effective for nonpublic companies for annual reporting periods beginning after December 15, 2018 and interim periods within the annual period beginning after December 15, 2019. The Organization is currently assessing the impact of this new standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842),* to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02 is effective for nonpublic entities for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earning in the period of adoption. The Organization is currently assessing the impact of this new standard, including the two optional transition methods.

FASB has issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance dan (2) determining whether a contribution is conditional ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018 for transactions in which the entity serves as a resource recipient, and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as a resource provider. Early adoption is permitted. The Organization is currently assessing the impact of this new standard.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled *net assets without donor restrictions* and *net assets with donor restrictions*, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations or restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU for the year ended December 31, 2018.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers earnings without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization manages its cash available to meet general expenditures with the following guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, are compromised of the following:

FINANCIAL ASSETS	
Cash and cash equivalents	$ 2,427,303
Grants receivable, net	100,162
Program receivables, net	1,950
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 2,529,415

4. GRANTS RECEIVABLE

Grants receivable consist of the following:

Receivable in less than one year	$ 100,162
TOTAL	$ 100,162

5. LEASE COMMITMENT

The Organization leased a facility under an 11-month lease through May 2018. Monthly rent payments were $822 plus common area and maintenance charges. The lease was not renewed upon its termination. Rent expense is $10,174.

6. RELATED PARTY TRANSACTIONS

The Organization received grant revenue totaling $100,000 from an entity related via a common Board member. Of this amount, $0 are included in grants receivable.

7. CONCENTRATION OF FOREIGN OPERATIONS RISK

Contributions are raised in the United States. Major program activities funded by the Organization occur in South Asia, a country that is at a higher risk of political, economic, and natural event uncertainties, and are undertaken on behalf of the Organization by local authorities and organizations. It is considered reasonably possible that operations outside the U.S. could be disrupted. This disruption could materially affect the amount of contributions raised in the U.S. or result in a loss of funds transferred overseas that were intended to operate these programs. The Organization has assets outside the U.S. with a carrying value of $7,153.

8. FUNCTIONAL CURRENCY, FOREIGN CURRENCY TRANSLATION, AND CURRENCY EXCHANGE RATE

Based on several factors, including the dominant role of the United States currency in the funding of the Organization’s programs, management considers the U.S. dollar to be the Organization’s functional currency. As such, the Organization’s monetary assets and liabilities held in foreign currencies are remeasured using the current rate at the balance sheet date, while nonmonetary assets and liabilities are remeasured using historical exchange rates. Most revenues and expenses that occur during a period are remeasured for practical purposes using a weighted average exchange rate for the period. However, revenues and expenses that represent the allocations of historical balances, such as depreciation, are remeasured using the same historical exchange rates as used for the underlying items on the balance sheet.

The Organization has assets originally denominated in foreign currencies. This results in an exposure to currency exchange gains and losses at the time assets are disposed of, as well as during year end foreign currency translation into U.S. dollars. In any particular year, currency exchange rate fluctuations may have a significant impact on the Organization’s financial results. The foreign currency translation gains and losses are recorded on the Organization’s statements of activities as a net remeasurement gain or loss. No remeasurement gain or loss is recognized as the respective gain or loss is not significant.

9. SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 1, 2019, the date the financial statements were available to be issued.