



NOORA HEALTH

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2019 and 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 statements of financial position as of December 31, 2019 and 2018, and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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, 2019 and 2018, 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.

Emphasis of Matter - New Accounting Pronouncement

As discussed in notes to the financial statements, Noora Health adopted the provisions of Accounting Standards Update ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU did not result in a change to the accounting for any of the Noora Health's revenue streams; as such, no cumulative effect adjustment was recorded. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Prior Period Restatements

As discussed in Note 8 to the financial statements, the 2018 financial statements have been restated to correct net asset classifications for the implied time restrictions on grant receivables. Our opinion is not modified with respect to these matters.

Sikich LLP

Naperville, Illinois
October 14, 2020

FINANCIAL STATEMENTS

NOORA HEALTH

STATEMENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2019 and 2018

	2019	2018 as Restated*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,607,540	\$ 2,427,303
Grants receivable, net	162	100,162
Program receivables, net	1,950	1,950
Prepaid expenses	4,414	972
Total current assets	<u>3,614,066</u>	<u>2,530,387</u>
NONCURRENT ASSETS		
Equipment	10,004	10,004
Less accumulated depreciation	<u>(4,153)</u>	<u>(2,152)</u>
Total property and equipment, net	<u>5,851</u>	<u>7,852</u>
Security deposit	<u>5,203</u>	<u>5,203</u>
Total noncurrent assets	<u>5,203</u>	<u>5,203</u>
TOTAL ASSETS	<u><u>\$ 3,625,120</u></u>	<u><u>\$ 2,543,442</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,527	\$ 12,941
Accrued expenses	<u>202,868</u>	<u>148,537</u>
Total current liabilities	<u>227,395</u>	<u>161,478</u>
NET ASSETS		
With donor restrictions	-	100,000
Without donor restrictions	<u>3,397,725</u>	<u>2,281,964</u>
Total net assets	<u>3,397,725</u>	<u>2,381,964</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,625,120</u></u>	<u><u>\$ 2,543,442</u></u>

* See footnote 8 for details.

See accompanying notes to financial statements.

NOORA HEALTH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Private grants and contributions	\$ 3,532,392	\$ -	\$ 3,532,392
Other income	6,802	-	6,802
Net assets released from restrictions and designations	100,000	(100,000)	-
 Total support and revenues	 3,639,194	 (100,000)	 3,539,194
EXPENSES			
Program services	2,184,377	-	2,184,377
Management and general	302,230	-	302,230
Fundraising	36,826	-	36,826
 Total expenses	 2,523,433	 -	 2,523,433
 CHANGE IN NET ASSETS	 1,115,761	 (100,000)	 1,015,761
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	2,381,964	-	2,381,964
RESTATEMENT	(100,000)	100,000	-
NET ASSETS, BEGINNING OF YEAR	2,281,964	100,000	2,381,964
NET ASSETS, END OF YEAR	\$ 3,397,725	\$ -	\$ 3,397,725

(This statement is continued on the following page.)

NOORA HEALTH

STATEMENT OF ACTIVITIES (Continued)

For the Year Ended December 31, 2018
As Restated

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Private grants and contributions	\$ 1,196,105	\$ 100,000	\$ 1,296,105
Other income	3,671	-	3,671
Total support and revenues	1,199,776	100,000	1,299,776
EXPENSES			
Program services	1,392,318	-	1,392,318
Management and general	112,569	-	112,569
Fundraising	53,626	-	53,626
Total expenses	1,558,513	-	1,558,513
CHANGE IN NET ASSETS	(358,737)	100,000	(258,737)
NET ASSETS, BEGINNING OF YEAR	2,640,701	-	2,640,701
NET ASSETS, END OF YEAR	\$ 2,281,964	\$ 100,000	\$ 2,381,964

See accompanying notes to financial statements.

NOORA HEALTH

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Bank fees	\$ 63	\$ 2,351	\$ 38	\$ 2,452
Conference	780	-	1,093	1,873
Content development	23,411	-	-	23,411
Depreciation	-	2,001	-	2,001
Dues and subscription	3,065	66	162	3,293
Equipment	23,254	9	-	23,263
Grants and support to others	1,229,818	-	-	1,229,818
Insurance	-	2,737	-	2,737
Meals	15,435	-	492	15,927
Miscellaneous	3	-	6,000	6,003
Office expenses	7,743	11,582	294	19,619
Office supplies	889	-	-	889
Payroll taxes	26,479	1,482	1,471	29,432
Printing	38	5	-	43
Professional services	48,745	243,270	1,777	293,792
Program management	3,772	-	-	3,772
Repairs and maintenance	-	507	-	507
Research	203,042	-	-	203,042
Salaries and benefits	487,694	34,821	19,496	542,011
Shipping and postage	7	16	-	23
Technology development	14,393	-	-	14,393
Trainings	7,723	-	-	7,723
Travel and lodging	86,105	3,383	4,798	94,286
Utilities	1,918	-	1,205	3,123
TOTAL	\$ 2,184,377	\$ 302,230	\$ 36,826	\$ 2,523,433

(This statement is continued on the following page.)

NOORA HEALTH

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2018

	<u>Supporting Services</u>			Total
	Program Services	Management and General	Fundraising	
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

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,015,761	\$ (258,737)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation expense	2,001	1,726
Changes in certain assets and liabilities		
Grants receivable	100,000	16,221
Prepaid expenses	(3,442)	3,063
Accounts payable	11,586	(3,745)
Accrued expenses	54,331	61,883
	<u>1,180,237</u>	<u>(179,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,752)
	<u>-</u>	<u>(2,752)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,180,237	(182,341)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,427,303</u>	<u>2,609,644</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,607,540</u>	<u>\$ 2,427,303</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NOORA HEALTH

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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 \$3,400,000 and \$2,200,000 as of December 31, 2019 and 2018, respectively.

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. At December 31, 2019 and 2018, the allowance for doubtful accounts is \$0.

Equipment

Equipment is stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred, whereas renewals and betterments that extend the lives of equipment are capitalized. Depreciation of 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:

	<u>Years</u>
Equipment	5

For the years ending December 31, 2019 and 2018, depreciation expense is \$2,001 and \$1,726 respectively.

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. When a donor restriction is stipulated and accomplished during the same year the donation is shown as without donor restriction.

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 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, as amended by ASU No. 2019-10, is effective for nonpublic entities for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. 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 earnings in the period of adoption. The Organization is currently assessing the impact of this new standard, including the two optional transition methods. On June 3, 2020 the FASB issues ASU No. 2020-05, *Revenue from contract with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities* which moved the effective date of this standard back to fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

The Organization has adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended December 31, 2019 did not result in a change to the accounting for the Organization's revenue. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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 comprised of the following:

	2019	2018 As Restated
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 3,607,540	\$ 2,427,303
Grants receivable, net	162	100,162
Program receivables, net	1,950	1,950
Total financial assets and liquid resources	\$ 3,609,652	\$ 2,529,415

NOORA HEALTH
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Less			
Donor restriction	\$	-	\$ 100,000
Total financial assets not available for use		-	100,000
TOTAL FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	\$	3,609,652	\$ 2,429,415

4. GRANTS RECEIVABLE

Grants receivable consist of the following:

	2019	2018
Receivable in less than one year	\$ 162	\$ 100,162
TOTAL	\$ 162	\$ 100,162

5. LEASE COMMITMENT

The Organization leased a facility under an eleven-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 \$0 and \$10,174 at December 31, 2019 and 2018, respectively.

6. RELATED PARTY TRANSACTIONS

The Organization received grant revenue totaling \$100,000 for the year ended December 31, 2018 and an expense reimbursement for \$1,200 for the year ended December 31, 2019 from an entity related via a common Board member.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are restricted for the following:

	2019	2018 As Restated
Time restricted grants	\$ -	\$ 100,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ -	\$ 100,000

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NOTES TO FINANCIAL STATEMENTS (Continued)

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from temporary donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors:

	2019	2018
Purpose restriction accomplished:		
Time restrictions	\$ 100,000	\$ -
TOTAL RESTRICTIONS RELEASED	\$ 100,000	\$ -

8. PRIOR PERIOD RESTATEMENT

Beginning net asset balances were restated to reflect the time restriction of one donor restricted revenue previously disclosed as unrestricted in 2018. As a result of the restatement, net assets with donor restrictions at the beginning of the year were increased and net assets without donor restrictions were decreased by \$100,000.

9. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, nonrecognized subsequent events). F

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range industries and countries could be severely impacted for month or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 14, 2020, the date the financial statements were available to be issued.