Report of Independent Auditors and
Consolidated Financial Statements

Thrive Networks

December 31, 2015 and 2014

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Thrive Networks

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Thrive Networks ("Thrive"), which comprise the consolidated statements of financial position, as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thrive Networks as of December 31, 2015 and 2014, 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

The accompanying consolidated financial statements have been prepared assuming that Thrive Networks will continue as a going concern. As discussed in Note 17 to the consolidated financial statements, Thrive Networks has historically experienced unrestricted deficits and the lack of assurance that Thrive Networks will be able to obtain additional funding raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Moss Adams LLP

San Francisco, California
July 19, 2016

CONSOLIDATED FINANCIAL STATEMENTS

	2015	2014
ASSETS		
Cash and cash equivalents	$ 5,177,261	$ 7,173,533
Grants receivable, net	2,209,363	4,517,709
Investments at fair value	2,005,083	2,002,385
Loans receivable, net	129,797	335,488
Other assets	165,614	182,841
Property and equipment, net	44,916	14,656
Total assets	$ 9,732,034	$ 14,226,612
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 219,730	$ 316,397
Accrued payroll and other benefits	255,870	295,941
Deferred revenue	3,002,046	2,796,167
Notes payable	16,667	27,778
Total liabilities	3,494,313	3,436,283
NET ASSETS		
Unrestricted	64,081	1,916,259
Temporarily restricted	6,173,640	8,874,070
Total net assets	6,237,721	10,790,329
Total liabilities and net assets	$ 9,732,034	$ 14,226,612

See accompanying notes.

	2015			2014		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
SUPPORT AND REVENUE						
Grants	$ 2,392,205	$ 2,163,353	$ 4,555,558	$ 4,745,179	$ 4,810,112	$ 9,555,291
Contributions	896,166	2,768,472	3,664,638	1,016,117	2,542,306	3,558,423
In-kind contributions	175,228	-	175,228	345,283	-	345,283
Contract services	82,108	-	82,108	88,226	-	88,226
Fee-for-service	-	-	-	51,868	-	51,868
Investment income	21,418	-	21,418	26,495	-	26,495
Net assets released from restrictions	7,911,795	(7,911,795)	-	6,196,355	(6,196,355)	-
Total support and revenue	11,478,920	(2,979,970)	8,498,950	12,469,523	1,156,063	13,625,586
EXPENSES						
Program services						
Water, sanitation and hygiene	5,141,084	-	5,141,084	7,153,314	-	7,153,314
Health	2,865,086	-	2,865,086	1,716,021	-	1,716,021
Education	1,913,962	-	1,913,962	1,778,775	-	1,778,775
Construction and other projects	1,555,714	-	1,555,714	1,562,007	-	1,562,007
Total program services	11,475,846	-	11,475,846	12,210,117	-	12,210,117
Support						
Management and general	1,314,770	-	1,314,770	1,324,925	-	1,324,925
Fundraising	540,482	-	540,482	457,546	-	457,546
Total support	1,855,252	-	1,855,252	1,782,471	-	1,782,471
Total expenses	13,331,098	-	13,331,098	13,992,588	-	13,992,588
Increase (decrease) in net assets from operating activities	(1,852,178)	(2,979,970)	(4,832,148)	(1,523,065)	1,156,063	(367,002)
NONOPERATING REVENUES						
Acquisition-inherent contribution	-	279,540	279,540	16,608	-	16,608
CHANGE IN NET ASSETS	(1,852,178)	(2,700,430)	(4,552,608)	(1,506,457)	1,156,063	(350,394)
NET ASSETS, at beginning of year	1,916,259	8,874,070	10,790,329	3,422,716	7,718,007	11,140,723
NET ASSETS, at end of year	$ 64,081	$ 6,173,640	$ 6,237,721	$ 1,916,259	$ 8,874,070	$ 10,790,329

See accompanying notes.

THRIVE NETWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,552,608)	$ (350,394)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	18,632	11,831
Change in discount on grants receivable	(564)	(1,614)
Change in allowance on loan receivable	(1,723)	(1,723)
Acquisition-inherent contribution	(279,540)	(16,608)
(Increase)/decrease in:		
Grants receivable	2,332,136	1,384,042
Other assets	22,368	(12,165)
Increase/(decrease) in:		
Accounts payable and accrued expenses	3,663	(1,209,919)
Accrued payroll and other benefits	(40,071)	27,165
Deferred revenue	205,879	1,234,305
Net cash (used in) provided by operating activities	(2,291,828)	1,064,920
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities/investments	(5,097)	(1,007,627)
Proceeds from sales of securities/investments	2,400	1,003,196
Investment in loans receivable	150,000	(150,000)
Repayment of loans receivable	57,414	57,414
Payment to micro-lending partner	(215,351)	(25,175)
Repayment from local partners	42,970	174,577
Purchase of fixed assets	(51,391)	(4,302)
Cash acquired from acquisition of Reach Global	-	13,937
Cash acquired from acquisition of Embrace	264,776	-
Net cash provided by investing activities	245,721	62,020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(11,111)	(11,111)
Proceeds from micro-fund provider	203,436	94,906
Repayment of micro-fund provider	(142,490)	(60,650)
Cash flows provided by financing activities	49,835	23,145
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,996,272)	1,150,085
CASH AND CASH EQUIVALENTS, beginning of year	7,173,533	6,023,448
CASH AND CASH EQUIVALENTS, end of year	$ 5,177,261	$ 7,173,533
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
In-kind contributions	$ 175,228	$ 345,283
Donated securities	820,268	547,837
Assets and liabilities acquired in acquisition		
Current assets	290,645	16,608
Less current liabilities	(11,105)	-
Net assets acquired	279,540	16,608
Contribution inherent in acquisition	$ 279,540	$ 16,608

See accompanying notes.

	2015				2014			
	Program Services	**Management and General**	**Fundraising**	**Total**	**Program Services**	**Management and General**	**Fundraising**	**Total**
EXPENSES								
Personnel costs	$ 2,823,741	$ 815,780	$ 453,094	$ 4,092,615	$ 2,733,934	$ 580,413	$ 253,432	$ 3,567,779
Construction and program	3,773,657	-	-	3,773,657	4,439,957	-	-	4,439,957
Grants to others	3,398,583	-	-	3,398,583	3,466,056	-	-	3,466,056
Professional fees	607,745	32,849	20,562	661,156	701,784	385,226	34,406	1,121,416
Travel and meetings	437,676	301,424	9,700	748,800	535,337	192,396	56,949	784,682
Office and other	273,738	113,765	34,361	421,864	201,451	125,069	35,392	361,912
Occupancy	160,706	50,952	22,765	234,423	131,598	41,821	77,367	250,786
	$ 11,475,846	$ 1,314,770	$ 540,482	$ 13,331,098	$ 12,210,117	$ 1,324,925	$ 457,546	$ 13,992,588

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Organization and nature of activities – The consolidated financial statements include the accounts of Thrive Networks Global, Inc. (formerly known as East Meets West Foundation), and its subsidiaries: Reach Vietnam; East Meets West Dental Center ("EMW Dental Center"); East Meets West Foundation, Ghana, and Thrive Networks Foundation, Limited, Hong Kong, and Embrace India (collectively "Thrive Networks"). The accounts of these organizations have been consolidated because they are under common management and control. As of November 1, 2014, EMW Dental Center became independent of Thrive Networks and established its own independent board of directors. At that time EMW Dental Center began working under the management of Vietnam Union of Science and Technology Associations ("VUSTA"). As a result, EMW Dental Center was no longer included in the financial results of Thrive Networks as of November 1, 2014.

The organization changed its name to Thrive Networks from East Meets West Foundation on August 26, 2014, through a filing with the California Secretary of State.

Thrive Networks' mission is to improve the health and well-being of underserved communities in Asia and Africa through evidence-based programs and technologies. Thrive Networks is an international NGO (non-governmental organization) pioneering evidence-based programs and technologies in health, water and sanitation, and education for underserved populations in Asia and Africa.

Thrive Networks was incorporated in California in 1988 as East Meets West Foundation to help the people of Vietnam, and continues to do so today. Thrive Networks works in the following countries: Afghanistan, Benin, Cambodia, Ghana, India, Laos, Myanmar, Philippines, Uganda, and Vietnam. In 2015, Thrive Networks' health, water and sanitation, and education programs benefited more than 345,000 people living in poverty. Since 1988, Thrive Networks' programs have benefited more than 3.36 million people around the world.

The following characteristics describe Thrive Networks:

- Comprehensive intervention design: innovative technological and operational ideas are identified, then programs employing these innovations are implemented, followed by careful measurement of these programs' performance, and finally these programs are scaled when appropriate coupled with dissemination of learnings to institutional actors.

- Evidence-based: each action is rigorously evaluated, including participating in RCTs (Randomized Control Trials) and academic research, that involves employing third-party monitoring & evaluation to determine what works best.

- Locally led / partnership focused: programmatic work is locally-led and in partnership with governments, NGOs and local organizations.

- Operate at scale: more than 890,000 people are expected to benefit from programs operating at scale across multiple geographies in 2016.

- Professional program execution: field staff perform at a high level by managing ambitious and complex programs that consistently meet performance target at or below budget.

- San Francisco Bay Area's largest international NGO working in Health, Water and Education: founded 28 years ago by a Vietnamese woman who fled to the United States after the Vietnam War, Thrive Networks (formerly East Meets West Foundation) resides in the San Francisco Bay Area.

Thrive Networks and Reach Vietnam are both charitable, nonprofit organizations. Thrive Networks and Reach Vietnam were incorporated in California in 1988 and 2001, respectively. EMW Dental Center is a for-profit, fee-for service entity incorporated in Vietnam in 2012 that commenced its business of providing dental services in Da Nang during December of 2012. East Meets West Foundation, Ghana, was incorporated in Ghana in 2013 to provide programmatic services in Ghana. Thrive Networks Foundation, Limited, was incorporated in Hong Kong in 2014. With the Embrace acquisition in 2015, Thrive Networks gained control over Embrace India, which was incorporated in India in 2010. Thrive Networks has offices in Oakland, California; Hanoi, Ninh Binh, Quang Binh, Tien Giang and Da Nang, Vietnam; Vientiane, Laos; Phnom Penh, Cambodia; Manila, Philippines; New Delhi, India; Mandalay, Myanmar; Kampala, Uganda and Cotonou, Benin.

During 2014, Thrive Networks received the assets of two programs as contributions. One of these programs is Coach for College, which contributed $178,368 from DukeEngage, a program of Duke University. The other program is Hands to Hearts International, an independent charitable, nonprofit organization, which contributed $53,001. These contributions were included in the consolidated statements of activities as contribution revenue for 2014.

Basis of consolidation – The consolidated financial statements include all the accounts of Thrive Networks and its subsidiaries: Reach Vietnam; EMW Dental Center; East Meets West Foundation, Ghana; Thrive Networks Foundation, Limited; and Embrace India. All significant intercompany transactions and balances have been eliminated in consolidation.

Description of program and supporting services:

Program expenses –

- Water, sanitation and hygiene includes programs to provide clean water, sanitation, and hygiene to poor and underserved communities in Vietnam, Cambodia, and Laos.

    - Output-based aid approaches: since 2007, Thrive Networks has been applying Output-Based Aid (OBA) funding approaches to water supply and sanitation in Vietnam, and more recently in Cambodia and Laos. In the water supply programs, the OBA approach targets "last-mile" service delivery, with water service providers receiving payments for each new household connected to a new, expanded, or rehabilitated water supply network. In the sanitation programs, payments are made to both beneficiary households and implementing organizations upon verification of properly built (and used) hygienic latrines and hand washing stations. In some cases communities are also eligible to earn conditional cash transfers when they achieve sanitation coverage targets. In all Thrive Water programs, OBA payments are designed to 1) reach the poor and underserved, 2) increase accountability, and 3) drive operating efficiencies. The approach has proved successful on all counts: for example, in the sanitation program, increases in coverage have been highest among the poorest population segments, and delivery costs have proven far lower than via other approaches, all while leveraging massive local investment.

    - Community-scale water systems: Thrive Water has been constructing, rehabilitating, and expanding rural water supply and treatment systems since 1995. The majority are piped village water systems with metered household connections; a smaller number are school-based water systems. Upon project completion, Thrive Water transfers ownership and management responsibilities to government, private, or community operators.

    - School-based hygiene education to support deworming: Thrive Water is leading the design and implementation of a program in Vietnam to integrate school-based hand washing education with mass drug administrations of deworming medicine to treat soil transmitted helminth infections. A major objective of this program is to quantify the possible synergistic benefits – with respect to reinfection rates and school attendance – of the addition of a hygiene education component to the administration of deworming drugs.

    - Empowering rural and village WASH (Water, Sanitation, and Hygiene) service providers: Blue Planet Network, which joined Thrive networks in 2014, brings together rural and small-town WASH providers from around the developing world in a collaborative online environment. This platform channels grant resources, enables the vetting of project proposals, and facilitates the sharing of best practices, while providing online tools for project management and output reporting.

    - Applied research: nearly all of Thrive Networks' programs feature a research component that moves beyond traditional process and output monitoring into the realm of impact evaluation. In Thrive Water's sanitation program, for example, there are dedicated resources to understand the relative advantages of individual vs. community-based output incentives, as well as exploring the interaction between smart subsidies and sanitation marketing.

- Health is a Newborn Health program (previously known as Breath of Life) that improves healthcare in low-resource settings through innovation, capacity development and research to help vulnerable newborns survive and thrive. This program focuses on improving hospital-based newborn care in low-income countries, which includes Afghanistan, Cambodia, India, Laos, Myanmar, Philippines, Uganda, and Vietnam, as follows:

    - Invests in innovation by developing low-cost technologies for resource-limited settings and insuring they reach target facilities; works closely with Medical Technology Transfer Services (MTTS, the medical device manufacturing partner of Thrive Networks, in Vietnam to design and manufacture appropriate technologies; and integrates devices into a country's health system and brings them to scale.

- Improves newborn care by working closely with Ministries of Health and leading national neonatologists to train clinicians; providing equipment, maintenance support, coaching, and monitoring and evaluation; and educating families on newborn care while their baby is in hospital.

- Conducting research and evaluation by undertaking operational and clinical research to improve programs; publishing papers in peer reviewed journals; and collaborating with academic institutes such as Stanford University (USA), University of New South Wales (Australia), and medical University of Padua (Italy).

- Education includes programs that improve life prospects wherever there is a chance for learning to take place: from preschools to village self-help groups.

    - Scholarship Programs are designed to prevent school dropout by supporting Vietnam's poorest students through high school graduation with scholarships and intensive tutoring.

    - Coach for College is an evidence-based summer-camp program to improve education outcomes and enhance life skills for disadvantage middle school children by bringing local college students and U.S. scholar athletes together to provide coaching in sports and academics.

- Construction and other projects include medical facilities, libraries, and academic buildings in Vietnam. Thrive Networks has no ownership of the buildings. At the end of construction, the buildings are handed over to the Vietnamese government.

Management and general expenses – These include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Thrive Networks.

Fundraising expenses – Fundraising expenses include the cost of all activities that constitute an appeal for financial support; that is, costs incurred to induce others to contribute money, securities, time, materials, or facilities to Thrive Networks.

Basis of presentation – The consolidated financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Financial Statements of Not-for-Profit Organizations*.

Basis of accounting – The consolidated financial statements are prepared using the accrual basis of accounting.

Interest in Reach Vietnam – Thrive Networks and Reach Vietnam are considered interrelated organizations in that Thrive Networks has the ability to influence the operating and financial decisions of Reach Vietnam.

Interest in East Meets West Dental Center – Thrive Networks and EMW Dental Center are considered interrelated organizations in that Thrive Networks has the ability to influence the operating and financial decisions of EMW Dental Center. As of November 1, 2014, Thrive Networks no longer has an interest in EMW Dental Center.

Interest in East Meets West Foundation, Ghana – Thrive Networks and East Meets West Foundation, Ghana are considered interrelated organizations in that Thrive Networks has the ability to influence the operating and financial decisions of East Meets West Foundation, Ghana.

Interest in Embrace India – Thrive Networks and Embrace India are considered interrelated organizations in that Thrive Networks has the ability to influence the operating and financial decisions of Embrace India.

Cash and cash equivalents – For purposes of the statement of cash flows, all highly liquid investments with an initial purchased maturity of three months or less are considered to be cash equivalents.

Allowance for doubtful accounts – Thrive Networks reviews grants receivable on a periodic basis and reserves against estimated uncollectible amounts as necessary. Management believes that all of its accounts are collectible; accordingly, no allowance for doubtful accounts was required at December 31, 2015 and 2014.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance when the collectability of principal and interest is unlikely. The amount in the allowance is based upon management's evaluation of risk characteristics under current economic conditions.

Investments at fair value – As of December 31, 2015 and 2014, Thrive Networks carried investments in certificates of deposit. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and represent the change in the fair value of investments from one year to another.

Property and equipment, net – Fixed assets with an estimated useful life in excess of one year are capitalized at cost; donated assets are capitalized at the fair value at date of receipt. Depreciation is computed using the straight-line method with estimated useful lives of three to five years. Thrive Networks capitalizes fixed asset purchases of amounts in excess of $2,500.

Compensated absences – Thrive Networks accrues a liability for earned vacations to which employees are entitled depending on their length of service and other factors. The accompanying consolidated financial statements include accrued vacation benefits of $94,681 and $124,155, as included in accrued payroll and other benefits in the consolidated statements of financial position as of December 31, 2015 and 2014, respectively.

Deferred revenue – Thrive Networks recognizes revenue form contracts when expenses are incurred. Deferred revenue represents grant funds received in excess of expenses incurred. This deferred revenue will be recognized as revenue in future periods.

Description of net assets –

Unrestricted net assets – The portion of net assets that is neither temporarily nor permanently restricted by donor imposed restrictions.

Temporarily restricted net assets – Temporarily restricted net assets represent contributions whose use by Thrive Networks is limited by donor-imposed stipulations that can be fulfilled and removed by action of Thrive Networks pursuant to those stipulations or by the passage of time.

Permanently restricted net assets – The portion of net assets used by Thrive Networks that is limited by donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions of Thrive Networks. There were no permanently restricted net assets as of December 31, 2015 and 2014.

In-kind contributions – Donated services are recognized when received if such services (a) create or enhance nonfinancial assets, (b) require specialized skills, and (c) are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Thrive Networks received pro-bono professional services and supplies from volunteer doctors who support certain programs and legal services as well as various other professional services that were contributed. The established fair value of donated services received was based upon the number of hours contributed at appropriate billing rates, and has been recorded as an in-kind contribution and expense.

Revenue recognition – Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence or nature of any donor restrictions. Restricted contributions, which are expended in the year received, are accounted for as unrestricted.

Revenue associated with substantive performance milestones are recognized based on the achievement of milestones, as defined in the respective agreements.

Use of estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include depreciation, allowance for loan loss and discounts on grants receivable. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses – Expenses are charged to programs and supporting services on the basis of periodic time and expense studies as well as estimates made by Thrive Networks' management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Thrive Networks.

Foreign currency transactions – Receipts and disbursements in foreign currencies are converted into U.S. dollars at the exchange rates approximating those at the transaction dates. The cash balances denoted in foreign currencies are translated into U.S. currency at the exchange rate approximating the rate at the closing date. Foreign currency exchange losses were $594 and $4,267 in December 31, 2015 and 2014.

Fair value measurements – Thrive Networks determines the fair value of assets and liabilities consistent with a fair value framework that establishes a hierarchy for measuring fair value, and requires disclosures about the use of fair value measurements.

Fair value measurement reporting provides a consistent definition of fair value that focuses on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement reporting also prioritizes the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Thrive Networks' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Reclassifications – Certain reclassifications have been made to the 2014 consolidated financial statements to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses, or changes in net assets, as reflected in the 2014 consolidated financial statements.

NOTE 2 – CONCENTRATIONS

Thrive Networks maintains its cash balances at various banks and brokerage houses in the United States, and at VID Public Bank in Vietnam, Cambodia Public Bank in Cambodia, Bank of the Philippine Islands in Philippines, ANZ Royal in Laos, Ecobank in Ghana, Kanbawza Bank in Myanmar and HDFC Bank in India. Cash held by VID Public Bank in Vietnam is fully secured by the Vietnam State Bank. As of December 31, 2015 and 2014, cash balances at Vietnam banks (primarily in U.S. dollar accounts) amounted to $281,739 and $595,696, respectively. At December 31, 2015 and 2014, Thrive Networks held $43,820 and $108,515, respectively, in foreign currency. The Federal Deposit Insurance Corporation ("FDIC") insures account balances at U.S. banks up to $250,000. Under the FDIC's Transaction Account Guarantee Program ("TAGP") all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under TAGP is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. At December 31, 2015 and 2014, Thrive Networks had uninsured bank balances and certificates of deposit of $5,145,081 and $7,059,026, respectively.

Thrive Networks recognized $1,767,900 or 21% and $4,689,750 or 35% of its consolidated revenue from the Bill & Melinda Gates Foundation for the years ended December 31, 2015 and 2014, respectively.

Thrive Networks recognized $1,578,179 or 19% and $1,695,269 or 13% of its consolidated revenue from the Australian Department of Foreign Affairs and Trade for the years ended December 31, 2015 and 2014, respectively.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable are as follows:

	2015	2014
Receivable in less than one year	$ 1,627,320	$ 3,761,869
Receivable in one to five years	583,997	758,358
Total grants receivable	2,211,317	4,520,227
Less discount to net present value	(1,954)	(2,518)
Net grants receivable	$ 2,209,363	$ 4,517,709

The grants receivable in one to five years have been discounted using discount of 0.3% in 2015 and 2014.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and consisted primarily of the following:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Certificate of deposit	$ 2,005,083	$ 2,005,083	$ 2,002,385	$ 2,002,385

Investment income was $4,618 and $3,771 in 2015 and 2014, respectively, which is included in investment income on the consolidated statements of activities.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table represents Thrive Networks' fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 2,005,083	$ -	$ 2,005,083

The following table represents Thrive Networks' fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 2,002,385	$ -	$ 2,002,385

NOTE 6 – LOANS RECEIVABLE

Micro-lending program – On May 4, 2012, Thrive Networks entered into a loan agreement with the Hai Duong Women's Union of Vietnam ("HDWU"), for 4 billion Vietnamese Dong ("VND"), equivalent to $192,146 USD. Thrive Networks provided funding to the HDWU who then loaned the funds to low income families for construction of new or improved sanitation facilities. The loan matures in 60 months with principal repaid in ten 400 million VND installments every 6 months including interest at 6% per annum beginning January 2013. Interest income amounted to $5,142 and $7,644 in 2015 and 2014, respectively, and is included in investment income on the consolidated statements of activities. Accrued interest receivable was $1,944 and $2,916 for the years ended December 31, 2015 and 2014, respectively, and is included in other assets on the consolidated statements of financial position. As of December 31, 2015 and 2014, the net loan receivable balance was $74,553 and $111,829, respectively.

On September 15, 2013, Thrive Networks entered into a loan agreement with the Ninh Binh Women's Union of Vietnam ("NBWU"), for 2 billion VND, equivalent to $94,922 USD. Thrive Networks provided funding to the NBWU who then loaned the funds to low income families for construction of new or improved sanitation facilities. The loan matures in 60 months with principal to be paid in ten 200 million VND installments every 6 months beginning March 2014. The interest rate is 6% per annum paid every 6 months beginning March 2014. Interest income amounted to $3,760 and $5,108 in 2015 and 2014, respectively included in investment income in the consolidated statement of activities. Accrued interest receivable was $1,035 and $1,380 for the years ended December 31, 2015 and 2014, respectively, and is included in other assets on the consolidated statements of financial position. As of December 31, 2015 and 2014, the net loan receivable balance was $55,244 and $73,659, respectively.

Firetree Asia Foundation, a 501(c)(3) public charity in the United States, granted $150,000 to Thrive Networks on June 1, 2014. The grant specifies that the proceeds will be used to secure a loan used to finance Newborn Health related purposes through Medical Technology Transfer and Services Hong Kong ("MTTS"). MTTS, a company incorporated in Hong Kong with limited liability, is Thrive Networks' social enterprise partner that delivers innovative, cost-effective solutions for newborns in need of intensive medical care. MTTS offers a comprehensive suite of technologies for neonatal care, from Continuous Positive Airway Pressure ("CPAP") machines that treat respiratory distress syndrome and other common newborn respiratory illnesses to phototherapy machines that treat jaundice. On May 31, 2014, Thrive Networks entered into a loan agreement with MTTS for $150,000. The purpose of the loan is to provide working capital to MTTS. Each principal payment will be greater than $10,000 and repayment will be determined by MTTS. The interest rate is 2% per annum and the loan matures on May 31, 2016. MTTS made one principal payment of $15,000 during 2015. Interest income for 2015 and 2014 was $0 and $468, respectively, and accrued interest was $0 and $468, respectively.

On July 1, 2015, Firetree Asia Foundation repurposed the $150,000 grant, allocating $135,000 to MTTS to fund research and development and $15,000 to the Newborn Health program. With this repurposed grant, Thrive Networks has forgiven the MTTS loan balance of $135,000. As of December 31, 2015 and 2014, the net loan receivable balance was $0 and $150,000, respectively.

	2015	2014
Loan receivable - Hai Duong Women's Union	$ 76,858	$ 115,288
Loan receivable - Ninh Binh Women's Union	56,953	75,937
Loan receivable - Medical Technology Transfer and Services	-	150,000
Total loans receivable	133,811	341,225
Less allowance for loan losses	(4,014)	(5,737)
Total loan receivable, net	$ 129,797	$ 335,488

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2015	2014
Furniture and equipment	$ 114,012	$ 68,617
Less accumulated depreciation	(69,096)	(53,961)
Total property and equipment, net	$ 44,916	$ 14,656

Depreciation expense amounted to $18,632 and $11,831 in 2015 and 2014, respectively.

NOTE 8 – LEASE COMMITMENTS

Thrive Networks leases office space in Oakland, California, under an operating lease that expires in October 2017. Thrive Networks also leases office space in Vietnam, Cambodia, Laos, Myanmar, and the Philippines under various operating leases. The Vietnamese leases expire in June 2016 for the Quang Binh office, in June 2016 for the Ninh Binh office, in December 2016 for the Da Nang office, in June 2016 for the Tien Giang office, in February 2016 for the Ho Chi Minh City office and in May 2019 for the Hanoi office. The Dental Center lease in Da Nang was terminated in April 2015 and the Embrace lease in Oakland was terminated in December 2015. The Cambodia, Laos, Myanmar, Philippines, and Benin leases are either on a month-to-month basis or the term is one year. Presented below is a schedule of minimum future lease obligations as of December 31, 2015.

Year Ending December 31,		
2016	$	162,097
2017		101,821
2018		15,600
2019		6,500
	$	286,018

Rent expense amounted to $225,059 in 2015 and $231,371 in 2014.

NOTE 9 – 401(k) PLAN

Thrive Networks has a 401(k) plan for all eligible U.S. based employees who have completed one month of service. Pension expense in 2015 and 2014 amounted to $42,161 and $24,926, respectively. Internationally, Thrive Networks complies with local laws in providing employer contributions for all employees via government-run retirement plans, where applicable.

NOTE 10 – TAX STATUS

Thrive Networks was incorporated under the laws of the State of California and granted tax exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and by the California Franchise Tax Board under Section 23701d of the Revenue and Taxation Code. Accordingly, no provision for income taxes has been included in these consolidated financial statements. With few exceptions, Thrive Networks is no longer subject to United States federal or state/local income tax examinations by tax authorities for fiscal years before 2010. EMW Dental Center is a for-profit entity subject to income taxation laws in Vietnam.

Thrive Networks assesses its accounting for uncertainties in income taxes recognized in its consolidated financial statements and prescribes a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. There was no material impact on Thrive Networks’ consolidated financial statements as a result of assessing these uncertainties.

NOTE 11 – NOTES PAYABLE

Microfinance investment loan – On May 26, 2012, Thrive Networks entered into a loan agreement with Money in Motion, LLC. The purpose of this loan was to support micro-investments for rural sanitation improvements in the Hai Duong Province of Vietnam. As part of this program, Thrive Networks provided funding to the Hai Duong Women’s Union who then loaned the funds to low income families for construction of new or improved sanitation facilities. The entire loan proceeds of $50,000 were released soon after the loan agreement became effective. The term is sixty months with principal paid in nine equal installments commencing one year after release of funds by lender and every six months thereafter. Interest rate is 6% per annum. Accrued interest is due at every principal payment date. There is no prepayment penalty with sixty day notice to lender. The interest expense amounted to $481 and $704 in 2015 and 2014, respectively. As of December 31, 2015 and 2014, Thrive Networks had outstanding notes payable of $16,667 and $27,778, respectively.

Line of credit – On October 8, 2015, Thrive Networks renewed the revolving line of credit with Wells Fargo Bank, National Association in the amount of $150,000. The line of credit matures on October 10, 2016. On September 15, 2014, Thrive Networks obtained a secured revolving line of credit with Wells Fargo Bank, National Association of $250,000. The line of credit matured on September 10, 2015, and bore interest at the greater of a floating rate equal to the prime rate set by the lender plus 2%, or 5%. The sole purpose of the line of credit was to implement corporate credit cards. There were no borrowing against the line of credit as of December 31, 2015 and 2014.

NOTE 12 – KIVA AGREEMENT

Kiva Microfunds ("Kiva"), a micro-fund provider, operates a web-based business that allows website users throughout the world ("Kiva lenders") to connect with organizations that provide small loans to individuals or groups in developing countries called micro-finance institutions ("MFI"). Thrive Networks sought to increase the ability for their program beneficiaries to obtain loans from Kiva lenders to improve their living conditions. Kiva's business model works with intermediaries that can contract directly with entities like the HDWU, therefore it was necessary for Kiva to enter into a contract with Thrive Networks dated August 22, 2013. In turn, Thrive Networks entered into an agreement with the HDWU for 4 billion VND (approximately $200,000) so that the HDWU would lend funds to low income families for construction of new improved sanitation facilities. The Kiva arrangement was entered into in October 2013. Thrive Networks was approved for a $1,000,000 credit line. The entirety of this first $200,000 tranche of Kiva lending was for latrine construction in HDWU. Thrive Networks earns 0.45% per month interest as a fee for its services in this process. The first tranche has been successfully completed and loans have been returned to Kiva in 2015.

In July 2014, Kiva approved a second tranche of loans in the amount of $400,000. On September 23, 2014, Thrive Networks entered into an agreement with the NBWU for a maximum 4.2 billion VND (approximately $210,000) and on December 12, 2014, Thrive Networks entered into a second agreement with the HDWU for 4.21 billion VND (approximately $210,500) for construction of new improved sanitation facilities. Thrive Networks earns 0.45% per month interest as a fee for its services. Interest income amounted to $7,898 and $9,504 in 2015 and 2014, respectively. Accrued interest receivable was $7,030 and $4,736 for the years ended December 31, 2015 and 2014, respectively, and is included in other assets on the consolidated statements of financial position. Thrive Networks and the HDWU bear no risk for non-payment of principal. As of December 31, 2015 and 2014, Thrive Networks had an outstanding balance of $2,492 and $113,927, respectively to Kiva, which is included in accounts payable and accrued expenses on the consolidated statements of financial position.

NOTE 13 – ACQUISITIONS

On July 24, 2015, Thrive Networks completed the acquisition of Embrace, a California nonprofit public benefit corporation. Embrace merged into Thrive Networks with Thrive Networks continuing as the surviving entity. The acquisition integrated the Embrace Warmer, an innovative device for treating newborns suffering from hypothermia, into the suite of essential, durable medical equipment developed for low-resource settings by Thrive Networks' Newborn Health program. The goal is to increase the reach and impact of their solutions to one of global health's most persistent challenges: the unacceptable high newborn mortality rate in countries around the globe. There were no noncash contributions received or transferred in relation to the acquisition. Of the net assets acquired in the Embrace acquisition, $279,540 was recorded as temporarily restricted net assets. The following table summarizes the estimated value of the assets acquired:

Cash	$	264,776
Accounts receivable		23,226
Other current assets		2,643
Less: accounts payable		(11,105)
Inherent contribution	$	279,540

On June 30, 2014, Thrive Networks completed the acquisition of Reach Global, a California nonprofit public benefit corporation. Reach Global merged into Thrive Networks with Thrive Networks continuing as the surviving entity. Reach Global is an addition to the education program equipping millions of very poor girls and women with the knowledge and skills to activate their most powerful asset—themselves. There were no noncash contributions received or transferred in relation to the acquisition. Of the net assets acquired in the Reach Global acquisition, $16,608 was recorded as unrestricted net assets. The following table summarizes the estimated value of the assets acquired:

Cash	$ 13,937
Other current assets	2,671
Inherent contribution	$ 16,608

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS

Support that is restricted by a grantor agency or a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily restricted net assets were available for the following purposes:

	2015	2014
Water, sanitation and hygiene	$ 4,781,580	$ 6,064,751
Health	751,419	1,044,910
Education	355,437	514,269
Construction and other projects	285,204	1,250,140
Total	$ 6,173,640	$ 8,874,070

Temporarily restricted net assets released from restrictions by incurring expenses were as follows:

	2015	2014
Water, sanitation and hygiene	$ 3,022,796	$ 2,270,752
Health	1,879,740	734,791
Education	1,650,421	1,329,207
Construction and other projects	1,358,838	1,861,605
Total	$ 7,911,795	$ 6,196,355

NOTE 15 – IN-KIND CONTRIBUTIONS

Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Donated goods and services received are as follows:

	2015	2014
Legal services	$ 114,541	$ 78,961
Health professional services	44,000	50,000
Program supplies	12,738	90,482
Other professional services	2,200	5,500
Water, sanitation and hygiene services	1,749	120,340
	$ 175,228	$ 345,283

NOTE 16 – FEE-FOR-SERVICE

Thrive Networks recognized fee-for-service revenue from the EMW Dental Center. For the years ended December 31, 2015 and 2014, fee-for-service revenue amounted to $0 and $51,868, respectively.

NOTE 17 – LIQUIDITY

Thrive Networks has experienced negative changes in unrestricted net assets for several years and has minimal unrestricted assets as of December 31, 2015. Additionally, Thrive Networks, is experiencing some difficulty raising additional unrestricted resources. There is only modest confidence in management's ability to obtain additional sufficient funding and, accordingly, for Thrive Networks to continue as a going concern. The consolidated financial statements do not include information about the recoverability or reclassification of recorded asset amounts or classification of liabilities should Thrive Networks be unable to continue as a going concern.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

At December 31, 2015, there were no significant outstanding legal actions or claims against Thrive Networks. Thrive Networks maintains various forms of insurance that its management believes are adequate to reduce the exposure to these risks to an acceptable level.

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. Thrive Networks recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statements of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. Thrive Networks' consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the consolidated statements of financial position date and before the consolidated financial statements were available to be issued.

Thrive Networks has evaluated subsequent events through July 19, 2016, which is the date the consolidated financial statements were available to be issued.