Report of Independent Auditors and
Consolidated Financial Statements

Thrive Networks

December 31, 2016 and 2015

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Thrive Networks Global Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Thrive Networks Global Inc., which comprise the consolidated statements of financial position, as of December 31, 2016 and 2015, 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, 2016 and 2015, 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 16 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 consolidated 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
June 19, 2017

CONSOLIDATED FINANCIAL STATEMENTS

	2016	2015
ASSETS		
Cash and cash equivalents	$ 5,560,360	$ 5,177,261
Grants receivable, net	1,730,982	2,209,363
Investments at fair value	-	2,005,083
Loans receivable, net	78,768	129,797
Other assets	65,254	165,614
Property and equipment, net	18,229	44,916
Total assets	$ 7,453,593	$ 9,732,034
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 402,178	$ 219,730
Accrued payroll and other benefits	217,039	255,870
Deferred revenue	1,929,679	3,002,046
Notes payable	-	16,667
Total liabilities	2,548,896	3,494,313
NET ASSETS		
Unrestricted	261,485	64,081
Temporarily restricted	4,643,212	6,173,640
Total net assets	4,904,697	6,237,721
Total liabilities and net assets	$ 7,453,593	$ 9,732,034

See accompanying notes.

	2016			2015		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
SUPPORT AND REVENUE						
Grants	$ 2,032,871	$ 2,272,714	$ 4,305,585	$ 2,392,205	$ 2,163,353	$ 4,555,558
Contributions	343,744	2,300,605	2,644,349	896,166	2,768,472	3,664,638
In-kind contributions	59,550	-	59,550	175,228	-	175,228
Contract services	24,150	-	24,150	82,108	-	82,108
Investment income	21,531	-	21,531	21,418	-	21,418
Net assets released from restrictions	6,103,747	(6,103,747)	-	7,911,795	(7,911,795)	-
Total support and revenue	8,585,593	(1,530,428)	7,055,165	11,478,920	(2,979,970)	8,498,950
EXPENSES						
Program services						
Water, sanitation and hygiene	4,469,553	-	4,469,553	5,141,084	-	5,141,084
Education	1,277,498	-	1,277,498	1,913,962	-	1,913,962
Health	1,008,124	-	1,008,124	2,865,086	-	2,865,086
Construction and other projects	364,637	-	364,637	1,555,714	-	1,555,714
Total program services	7,119,812	-	7,119,812	11,475,846	-	11,475,846
Support						
Management and general	1,044,123	-	1,044,123	1,314,770	-	1,314,770
Fundraising	224,254	-	224,254	540,482	-	540,482
Total support	1,268,377	-	1,268,377	1,855,252	-	1,855,252
Total expenses	8,388,189	-	8,388,189	13,331,098	-	13,331,098
Increase (decrease) in net assets from operating activities	197,404	(1,530,428)	(1,333,024)	(1,852,178)	(2,979,970)	(4,832,148)
NONOPERATING REVENUES						
Acquisition-inherent contribution	-	-	-	-	279,540	279,540
CHANGE IN NET ASSETS	197,404	(1,530,428)	(1,333,024)	(1,852,178)	(2,700,430)	(4,552,608)
NET ASSETS, at beginning of year	64,081	6,173,640	6,237,721	1,916,259	8,874,070	10,790,329
NET ASSETS, at end of year	$ 261,485	$ 4,643,212	$ 4,904,697	$ 64,081	$ 6,173,640	$ 6,237,721

See accompanying notes.

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,333,024)	$ (4,552,608)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	28,262	18,632
Change in discount on grants receivable	(758)	(564)
Change in allowance on loan receivable	(1,578)	(1,723)
Change in unrealized loss on investments	(6,167)	(2,697)
Acquisition-inherent contribution	-	(279,540)
(Increase)/decrease in:		
Grants receivable	479,139	2,332,136
Other assets	100,360	22,368
Increase/(decrease) in:		
Accounts payable and accrued expenses	183,468	3,663
Accrued payroll and other benefits	(38,831)	(40,071)
Deferred revenue	(1,072,367)	205,879
Net cash (used in) operating activities	(1,661,496)	(2,294,525)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities/investments	2,011,250	-
Investment in loans receivable	-	150,000
Repayment of loans receivable	52,607	57,414
Payment to micro-lending partner	-	(215,351)
Repayment from local partners	99,557	42,970
Purchase of fixed assets	(1,575)	(51,391)
Cash acquired from acquisition of Embrace	-	264,776
Net cash provided by investing activities	2,161,839	248,418
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(16,667)	(11,111)
Proceeds from micro-fund provider	-	203,436
Repayment of micro-fund provider	(100,577)	(142,490)
Cash flows (used in) provided by financing activities	(117,244)	49,835
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	383,099	(1,996,272)
CASH AND CASH EQUIVALENTS, beginning of year	5,177,261	7,173,533
CASH AND CASH EQUIVALENTS, end of year	$ 5,560,360	$ 5,177,261
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
In-kind contributions	$ 59,550	$ 175,228
Donated securities	$ 25,403	$ 820,268
Assets and liabilities acquired in acquisition		
Current assets	$ -	$ 290,645
Less current liabilities	-	(11,105)
Net assets acquired	-	279,540
Contribution inherent in acquisition	$ -	$ 279,540

See accompanying notes.

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
EXPENSES								
Grants to others	$ 2,510,646	$ -	$ -	$ 2,510,646	$ 3,398,583	$ -	$ -	$ 3,398,583
Personnel costs	1,765,755	510,226	158,345	2,434,326	2,823,741	815,780	453,094	4,092,615
Construction and program	1,912,947	-	-	1,912,947	3,773,657	-	-	3,773,657
Travel and meetings	478,297	15,016	5,924	499,237	437,676	301,424	9,700	748,800
Professional fees	190,811	283,948	12,142	486,901	607,745	32,849	20,562	661,156
Office and other expenses	148,283	198,491	26,316	373,090	273,738	113,765	34,361	421,864
Occupancy	113,073	36,442	21,527	171,042	160,706	50,952	22,765	234,423
	$ 7,119,812	$ 1,044,123	$ 224,254	$ 8,388,189	$ 11,475,846	$ 1,314,770	$ 540,482	$ 13,331,098

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, ("Thrive Networks"), and its subsidiaries: Reach Vietnam, East Meets West Foundation, Ghana, Thrive Networks Foundation Limited, Hong Kong and Embrace India. The accounts of these organizations have been consolidated because they are under common management and control. All significant intercompany transactions and balances have been eliminated in consolidation.

Thrive Networks' mission is to improve the health and well-being of underserved communities in Southeast Asia 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 Southeast Asia.

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 most recently worked in the following countries: Cambodia, Ghana, India, Laos, Myanmar, Philippines, Uganda, and Vietnam.

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 program performance, and finally these programs are scaled when appropriate combined 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.

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

- San Francisco Bay Area's largest international NGO working in Health, Water and Education: founded 29 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 Bay Area.

Reach Vietnam is a charitable, nonprofit organization and was incorporated in California in 2004. East Meets West Foundation, Ghana, was incorporated in Ghana in 2013 to provide programmatic services in Ghana. Thrive Networks Foundation Limited, Hong Kong 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 currently has offices in Oakland, California; Hanoi, Da Nang, Ninh Binh, Thai Nguyen, and Ben Tre, Vietnam; Vientiane, Laos; and Phnom Penh, Cambodia.

On December 1, 2016, Thrive Networks transferred the Coach for College program to another NGO, Peacework Development Fund, Inc.

Description of program and supporting services:

Program expenses –

- Water, sanitation and hygiene includes programs to provide clean water, sanitation, and improved hygiene habits 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 Networks 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.

- School-based hygiene education to support deworming: Thrive Networks 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.

- 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 Networks' 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.

- Community-scale water systems: Thrive Networks 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 Networks transfers ownership and management responsibilities to government, private, or community operators.

- 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.

* Education includes programs that improve life prospects for students in poor Vietnamese rural communities as follows:

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

  - Coach for College is an evidence-based summer-camp program designed to improve education outcomes and enhance life skills for disadvantage middle school children in Vietnam by bringing local college students and U.S. scholar athletes together to provide coaching in sports and academics. Please note that Coach for College was transferred to the non-profit NGO, Peacework Development Fund, Inc. in December 2016.

* Health: Thrive Networks wound down its Newborn Health program (previously known as Breath of Life) by the end of 2015. Prior to that, Newborn Health improved healthcare in low-resource settings through innovation, capacity development and research to help vulnerable newborns survive and thrive. Newborn Health focused on improving hospital-based newborn care in low-income countries, which included Afghanistan, Cambodia, India, Laos, Myanmar, Philippines, Uganda, and Vietnam, as follows:

  - Invested in innovation by developing low-cost technologies for resource-limited settings and insuring they reach target facilities; worked closely with Medical Technology Transfer Services (MTTS, a medical device manufacture), in Vietnam to design and manufacture appropriate technologies; and integrated those medical devices into each country's health system and brought them to scale.

  - Improved newborn care by working closely with Ministries of Health and leading national neonatologists to train clinicians; provided equipment, maintenance support, coaching, and monitoring and evaluation to healthcare providers; and educated families on newborn care while their baby was in hospital.

  - Conducted research and evaluation by undertaking operational and clinical research to improve health programs; published 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).

- Construction and other projects includes construction of kindergartens and compassion homes in Vietnam and Cambodia that benefit poor rural communities and their families.

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, and materials 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 the 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.

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, 2016 and 2015.

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, 2016 and 2015, Thrive Networks carried investments in certificates of deposit and in equities with readily determinable fair values. 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 $41,244 and $94,681, as included in accrued payroll and other benefits in the consolidated statements of financial position as of December 31, 2016 and 2015, respectively.

Deferred revenue – Thrive Networks recognizes revenue 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, 2016 and 2015.

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, 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 gain was $1,718 in December 31, 2016 and foreign currency exchange loss was $594 in 2015.

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.

New accounting pronouncements — In August 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40) Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15") to provide guidance about management's responsibility to evaluate whether there is a substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2015-15 is effective for Thrive Networks beginning January 1, 2016. The adoption of ASU 2014-15 did not have a material impact on Thrive Networks' consolidated financial statements.

In August 2016, the FASB issued ASU no. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14") to improve current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The adoption of ASU 2016-14 is effective for Thrive Networks for the year ended December 31, 2018. Thrive Networks is currently evaluating the impact of the ASU 2016-14 on Thrive Networks' consolidated financial statements.

Reclassifications – Certain reclassifications have been made to the 2015 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 2015 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 Bank in Laos, Kanbawza Bank in Myanmar and HDFC Bank in India. Cash held by VID Public Bank is fully secured by the Vietnam State Bank. As of December 31, 2016 and 2015, cash balances at Vietnam banks (primarily in U.S. dollar accounts) amounted to $190,331 and $281,739, respectively. At December 31, 2016 and 2015, Thrive Networks held $65,798 and $43,820, 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, 2016 and 2015, Thrive Networks had uninsured bank balances and certificates of deposit of $4,611,985 and $5,145,081, respectively.

Thrive Networks recognized $1,453,852 or 21% and $1,767,900 or 21% of its consolidated revenue from the Bill & Melinda Gates Foundation for the years ended December 31, 2016 and 2015, respectively.

Thrive Networks recognized $2,848,131 or 40% and $1,578,179 or 19% of its consolidated revenue from the Australian Department of Foreign Affairs and Trade for the years ended December 31, 2016 and 2015, respectively.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable are as follows:

	2016	2015
Receivable in less than one year	$ 1,332,178	$ 1,627,320
Receivable in one to five years	400,000	583,997
Total grants receivable	1,732,178	2,211,317
Less discount to net present value	(1,196)	(1,954)
Net grants receivable	$ 1,730,982	$ 2,209,363

The grants receivable in one to five years have been discounted using discount of 0.3% in 2016 and 2015.

NOTE 4 – INVESTMENTS

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

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Certificate of deposit	$ -	$ -	$ 2,005,083	$ 2,005,083

Investment income was $10,421 and $4,618 in 2016 and 2015, 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, 2016:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ -	$ -	$ -

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

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 $2,416 and $5,142 in 2016 and 2015, respectively, and is included in investment income on the consolidated statements of activities. Accrued interest receivable was $999 and $1,944 for the years ended December 31, 2016 and 2015, respectively, and is included in other assets on the consolidated statements of financial position. As of December 31, 2016 and 2015, the net loan receivable balance was $41,938 and $74,553, 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 $1,762 and $3,760 in 2016 and 2015, respectively. Accrued interest receivable was $478 and $1,035 for the years ended December 31, 2016 and 2015, respectively, and is included in other assets on the consolidated statements of financial position. As of December 31, 2016 and 2015, the net loan receivable balance was $36,830 and $55,244, respectively.

	2016	2015
Loan receivable - Hai Duong Women's Union	$ 43,235	$ 76,858
Loan receivable - Ninh Binh Women's Union	37,969	56,953
Total loans receivable	81,204	133,811
Less allowance for loan losses	(2,436)	(4,014)
Total loan receivable, net	$ 78,768	$ 129,797

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2016	2015
Furniture and equipment	$ 63,191	$ 114,012
Less accumulated depreciation	(44,962)	(69,096)
Total property and equipment, net	$ 18,229	$ 44,916

Depreciation expense amounted to $28,262 and $18,632 in 2016 and 2015, respectively.

NOTE 8 – LEASE COMMITMENTS

Thrive Networks leases office space in Oakland, California, under an operating lease that expires in October 2017. Due to the decrease in the number of employees in the Oakland office, Thrive Networks subleased a portion of the Oakland office from April 1, 2016, through the end of the lease term. Thrive Networks also leases office space in Vietnam, Cambodia and Laos. The Vietnamese leases expire in July 2017 for the Ben Tre office, in June 2017 for the Ninh Binh office, in December 2017 for the Da Nang office and in May 2019 for the Hanoi office. The leases have expired for the Myanmar, Philippines, Benin, Ho Chi Minh City, Quang Binh, Tien Giang and Binh Dinh offices. The Embrace India lease in Oakland was terminated in December 2015. The Cambodia and Laos 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, 2016.

Year Ending December 31,	
2017	$ 101,821
2018	15,600
2019	6,500
	$ 123,921

Rent expense amounted to $164,029 in 2016 and $225,059 in 2015.

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 2016 and 2015 amounted to $22,559 and $42,161, respectively. Internationally, Thrive Networks provides 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.

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 $306 and $481 in 2016 and 2015, respectively. As of December 31, 2016 the notes payable had been paid in full. As of December 31, 2015, Thrive Networks had outstanding notes payable of $16,667.

Line of credit – 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%. 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 matured on October 10, 2016 and was not renewed. The sole purpose of the line of credit was to implement corporate credit cards. There were no borrowings against the line of credit as of December 31, 2016 and 2015.

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 Hai Duong. 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 were 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 of 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 $6,932 and $7,898 in 2016 and 2015, respectively. Accrued interest receivable was $5,272 and $7,030 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, Thrive Networks had an outstanding balance of $1,472 and $2,492, 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 India ("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, $279,546 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		2,649
Less: accounts payable		(11,105)
Inherent contribution	$	279,546

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:

		2016		2015
Water, sanitation and hygiene	$	4,072,242	$	4,781,580
Education		394,869		355,437
Construction and other projects		165,184		285,204
Health		10,917		751,419
Total	$	4,643,212	$	6,173,640

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

		2016		2015
Water, sanitation and hygiene	$	3,361,075	$	3,022,796
Education		1,455,709		1,650,421
Health		976,620		1,879,740
Construction and other projects		310,343		1,358,838
Total	$	6,103,747	$	7,911,795

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:

	2016	2015
Legal services	$ 55,550	$ 114,541
Other professional services	4,000	2,200
Health professional services	-	44,000
Program supplies	-	12,738
Water, sanitation and hygiene services	-	1,749
	$ 59,550	$ 175,228

NOTE 16 – LIQUIDITY

Thrive Networks has experienced negative changes in unrestricted net assets for several years and has minimal unrestricted assets as of December 31, 2016. 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 17 – COMMITMENTS AND CONTINGENCIES

At December 31, 2016, there were no significant outstanding legal actions or claims against Thrive Networks. Thrive Networks maintains various forms of insurance that management believes are adequate to reduce the exposure to these risks to an acceptable level.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statements 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, June 19, 2017, which is the date the consolidated financial statements were available to be issued.