

Vatsal Thakkar, CPA

INDEPENDENT AUDITOR'S REPORT


To the Board of Directors

School The world, Inc.

I have audited the accompanying statement of financial position of School The World, Inc., a not-for-profit organization, as of December 31, 2015 and 2014, and the related statements of activities, statement of functional expenses and cash flows for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on the audit. The Year 2014 summarized comparative information has been derived from School The World's 2014 audit report which was performed by another auditor who expressed an unqualified opinion on those financial statements.

I conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of School The World as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.


8/17/2016

Vatsal Thakkar, CPA

Chicago, IL

School The World, Inc
Statement of Financial Position
As of December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash & Cash Equivalents	\$117,228	\$119,391
Accounts Receivable	0	6,450
Other Current Assets	16,534	6,966
Total Current Assets	<u>133,762</u>	<u>132,807</u>
Property & Equipment		
Furniture and Equipment -Other	6,371	6,371
Accumulated Depreciation	-3,875	-2,601
Total Property & Equipment	<u>2,496</u>	<u>3,770</u>
Total Assets	<u><u>\$136,258</u></u>	<u><u>\$136,577</u></u>
Liabilities and Net Assets		
Liabilities		
Deferred Revenue / Other Liabilities	140,954	117,518
Total Liabilities	<u>\$140,954</u>	<u>\$117,518</u>
Net Assets		
Unrestricted Net Assets	-4,696	19,059
Total Net Assets	<u>-4,696</u>	<u>19,059</u>
Total Liabilities and Net Assets	<u><u>\$136,258</u></u>	<u><u>\$136,577</u></u>

School The world, Inc.
Statement of Activities
For the Year Ended December 31, 2015 and 2014

	2015	2014
Income		
Support		
In-Kind Construction Materials	\$112,796	\$145,529
Corporate Contributions	122,003	10,842
Foundation Contributions	0	131,544
Government	0	25,779
Individual Contributions	218,828	219,215
Parents	1,480	-100
Student Service Program	369,740	205,468
Total Support	<u>824,827</u>	<u>738,277</u>
Other Revenue	<u>168</u>	<u>28</u>
Total Income	<u>825,015</u>	<u>738,305</u>
Expenses		
Salaries, Benefits & Taxes	311,945	325,202
Construction	167,804	186,426
Student Service Learning	167,166	138,697
Books Learning Materials	1,775	30,389
Office Expenses	46,811	31,943
Travel & Entertainment	34,359	27,812
Other Expenses	119,175	86,026
Total Expenses	<u>849,035</u>	<u>826,495</u>
Net Surplus (Deficit)	<u><u>-\$24,020</u></u>	<u><u>-\$88,190</u></u>

School The World, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015 and 2014

	Year 2015				Year 2014
	Program Services	Fundraising	Management	Total	Total
Accounting Fees	\$4,392	\$0	\$6,106	\$10,499	\$6,926
Bank Fees	3,541	0	1,526	5,067	9,542
Books/Learning Materials	1,625	0	150	1,775	30,389
Construction Materials	167,804	0	0	167,804	186,426
Depreciation Expense	765	127	382	1,274	1,383
Electricity	0	0	125	125	0
Food & Beverage	572	300	822	1,693	1,444
Freight	407	0	0	407	0
Fundraising Expense	0	3,024	180	3,204	5,239
Insurance	184	0	3,169	3,353	7,067
Legal Fees	0	0	26	26	1,746
Marketing Expenses	500	0	700	1,200	0
Memberships	0	0	450	450	0
Miscellaneous	11,681	0	574	12,255	6,177
Office Expense	25,560	0	21,252	46,811	31,943
Parenting Classes	6	0	0	6	0
Payroll Services	0	0	77	77	0
Postage & Freight	1,063	735	2,242	4,040	1,862
Printing and Copying	2,144	528	2,101	4,773	2,337
Professional Development	0	0	15	15	2,210
Professional Services	10,474	0	32,610	43,084	2,795
Recruitment	0	0	699	699	0
Research	0	360	0	360	0
Salaries, Benefits and Taxes	239,372	6,693	65,880	311,945	325,202
Software	278	3,256	4,243	7,777	804
Student Service Learning	167,117	49	0	167,166	138,697
Subscriptions & Library	0	0	310	310	1,819
Technology	1,187	0	1,079	2,266	3,281
Telephone	6,062	198	5,188	11,448	8,080
Transportation	19,973	0	2,269	22,242	18,885
Travel Staff	6,923	230	4,952	12,105	27,812
Volunteer Support	0	0	710	710	744
Web & Communications	368	0	3,700	4,069	3,685
Total	\$671,999	\$15,499	\$161,537	\$849,035	\$826,495

School The World, Inc.
Statement of Cash Flow
For The Year Ended December 31, 2015 And 2014

	2015	2014
Operating Activities		
Net Deficit	-\$24,022	-\$88,190
Adjustment Needed To Reconcile To Net Cash Provided by Operations:		
Account Receivable	6,450	41,790
Loans Receivables	0	1,183
Prepaid Expenses	-9,568	41,636
Deferred Revenue	7,614	9,539
Net asset adjustment	4,886	0
Payroll Liabilities	11,203	647
Depreciation	1,274	1,383
Net Cash Provided By Operations	<u>-2,163</u>	<u>7,988</u>
Cash Beginning Of Period	<u>119,391</u>	<u>111,403</u>
Cash End Of Period	<u><u>\$117,228</u></u>	<u><u>\$119,391</u></u>

School the World, Inc.
Notes to Financial Statements

Nature of Activities

School the World, Inc. is a non-profit 501(c) (3) organization, based in Boston, MA, founded on the belief that empowerment begins with education. The organization is committed to improving the quality of education in the developing world by building schools, training teachers, engaging parents and stocking classroom libraries.

Nonprofit Status

School the World, Inc. is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under section 501(c) (3) of the Internal Revenue Code. Donors may deduct contributions made to School the World, Inc. within the requirements of the Internal Revenue Code. According to section 740 of Accounting Standard Codification (ASC), the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize the tax-exempt status. Management of School the World, Inc. is not aware of any such events that could jeopardize the tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements of School the World Inc. for the years ended in December 31, 2014 and 2015.

Basic Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in United States of America. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

School the World, Inc. follows the requirements of the Financial Accounting Standard Board for the presentation of the financial statements for the years ended in December 31, 2014 and 2015.

Cash and Cash Equivalents

For the purpose of the statement of cash flow, School the World, Inc. considers all highly liquid investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in accordance with accounting standards generally accepted in United States of America requires management to estimate and assume the depreciation that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates made by the management.

Property and equipment

Acquisition of property and equipment with useful lives greater than one year are recorded at cost. Property and equipment acquisition are depreciated using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

School the World, Inc.'s revenue mainly consists of contributions. Unrestricted contributions revenue intended for the current period is recognized when received. Restricted contributions revenue is recorded as temporarily restricted support and net assets if it is received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is when a stipulated time restriction ends or the purpose of restriction is accomplished, the temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue and expenses from Student Service Learning Program are recognized in the year the trip occurs. Revenue from any individual students in excess of the cost of the trip for that student is recognized when received.

Contributed Services and Facilities

School the World, Inc. records various types of contributed support, including services and facilities. Contribution of tangible assets and intangible assets are recognized at fair value when received. The organization recognizes certain services received if those services (a) create or enhance long lived assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided as contribution by those individuals. The amounts reflected in the accompanying financial statement as contributed services are offset by similar amounts included in expenses.

Subsequent Events

School the world, Inc. has been evaluated for any subsequent events through August 9, 2016 which is the date the financial statements were available to be issued.

Income Taxes

School the World, Inc. is a non-profit organization and is exempt from federal and state income taxes under section 501(c) (3) of Internal Revenue Code and a similar section of the state code.