

**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, 2016 and 2015, 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.

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, 2016, and the results of its operations and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

Vatsal Thakkar, CPA

09/14/2017

Chicago, IL

**School The World, Inc**  
**Statement of Financial Position**  
**As of December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 65,384	\$ 117,228
Accounts Receivable	6,965	0
Other Current Assets	138,383	16,534
<b>Total Current Assets</b>	<b>210,732</b>	<b>133,762</b>
<b>Property &amp; Equipment</b>		
Furniture and Equipment -Other	6,371	6,371
Accumulated Depreciation	(3,876)	(3,875)
<b>Total Property &amp; Equipment</b>	<b>2,495</b>	<b>2,496</b>
<b>TOTAL ASSETS</b>	<b>213,227</b>	<b>136,258</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
Deferred Revenue / Other Liabilities	153,982	140,954
<b>Total Liabilities</b>	<b>153,982</b>	<b>140,954</b>
<b>Net Assets</b>		
Unrestricted Net Assets	59,245	(4,696)
<b>Total Net Assets</b>	<b>59,245</b>	<b>(4,696)</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>213,227</b>	<b>136,258</b>

**School The world, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Income</b>		
<b>Support and Revenue</b>		
In-Kind Construction Meterials	\$74,446	\$112,796
Corporate Contributions	\$130,395	\$122,003
Individual Contributions	\$308,831	\$218,828
Parents	\$10,000	\$1,480
Student Service Program	\$463,558	\$369,740
<b>Total Support And Revenue</b>	<u>\$987,230</u>	<u>\$824,847</u>
<b>Other Revenue</b>	<u>-\$3,225</u>	<u>\$168</u>
<b>Total Income</b>	<u>\$984,005</u>	<u>\$825,015</u>
<b>Expense</b>		
Salaries, Benefits & Taxes	\$332,621	\$311,945
Construction	\$149,178	\$167,804
Student Service Learning	\$202,574	\$167,166
Books Learning Materials	\$14,955	\$1,775
Office Expenses	\$42,054	\$46,811
Travel & Entertainment	\$44,361	\$34,359
Other Expenses	\$136,621	\$119,175
<b>Total Expense</b>	<u>\$922,364</u>	<u>\$849,035</u>
<b>Net Surplus (Deficit)</b>	<u>\$61,641</u>	<u>-\$24,020</u>

**School The World, Inc.**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2016 and 2015**

	2016				2015
	Program Services	Fundraising	Management	Total	Total
Accounting Fees	4,266.20	-	4,510.00	8,776.20	\$ 10,499
Bank Fees	3,537.16	-	657.41	4,194.57	5,067
Books/Learning Materials	14,955.19	-	-	14,955.19	1,775
Construction Materials	149,178.07	-	-	149,178.07	167,804
Depreciation Expense	-	-	-	-	1,274
Electricity	-	-	-	-	125
Food & Beverage	3,309.46	-	1,662.51	4,971.97	1,693
Freight	-	-	186.42	186.42	407
Fundraising Expense	153.12	2,728.50	-	2,881.62	3,204
Insurance	-	-	2,784.66	2,784.66	3,353
Legal Fees	6,985.27	-	350.00	7,335.27	26
Marketing Expense	7,938.00	7,613.69	1,519.89	17,071.58	1,200
Memberships	-	-	99.00	99.00	450
Miscellaneous	3,700.35	11.00	1,478.75	5,190.10	12,255
Office Expense	20,616.79	-	21,437.57	42,054.36	46,811
Parenting Classes	276.00	-	-	276.00	6
Payroll Services	-	-	397.26	397.26	77
Postage & Freight	4,017.95	380.60	1,989.16	6,387.71	4,040
Printing and Copying	469.87	581.00	3,109.90	4,160.77	4,773
Professional Development	455.53	-	546.99	1,002.52	15
Professional Services	183.01	-	14,768.00	14,951.01	43,084
Recruitment	-	-	1,011.85	1,011.85	699
Research	-	-	-	-	360
Salaries, Benefits and Taxes	253,726.27	13,533.89	65,360.35	332,620.51	311,945
School Furniture	2,610.06	-	-	2,610.06	-
Software	742.34	546.81	12,973.86	14,263.01	7,777
Student Scholarships	3,683.50	-	-	3,683.50	-
Student Service Learning	202,574.34	-	-	202,574.34	167,166
Subscriptions & Library	-	-	293.00	293.00	310
Teacher Training & Best Practices	16,415.01	-	-	16,415.01	-
Technology	1,966.00	-	127.49	2,093.49	2,266
Telephone	7,277.61	-	5,436.31	12,713.92	11,448
Transportation	17,228.93	-	2,301.87	19,530.80	22,242
Travel Staff	8,435.43	1,671.75	14,722.76	24,829.94	12,105
Uncategorized Expense	-	-	18.19	18.19	-
Volunteer Support	-	-	1,116.01	1,116.01	710
Web & Communications	24.99	-	1,710.32	1,735.31	4,069
<b>Total Expenses</b>	<b>\$ 734,726</b>	<b>\$ 27,067</b>	<b>\$ 160,570</b>	<b>\$ 922,363</b>	<b>\$ 849,035</b>

**School The World, Inc.**  
**Statement of Cash Flow**  
**For The Year Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>		
<b>Net Income</b>	\$ 61,641.00	\$ (24,022.00)
Adjustment Needed To Reconcile To Net Cash Provided by Operations:		
Account Receivable	(6,965.00)	6,450.00
Prepaid Expenses	(6,566.00)	(9,568.00)
Deferred Revenue	14,192.00	7,614.00
Net Asset Adjustment	(2,324.00)	4,619.00
Accounts Payable	(963.00)	11,203.00
Payroll Liabilities	2,122.00	-
Undeposited Fund	(115,283.00)	
Depreciation	-	1,274.00
<b>Net Cash Provided By Operations</b>	<b>(115,787.00)</b>	<b>21,592.00</b>
<b>FINANCING ACTIVITIES</b>		
Opening Balance Equity	2,302.00	267.00
<b>Net Cash Used By Financing Activities</b>	<b>2,302.00</b>	<b>267.00</b>
<b>Net Cash Increased For Period</b>	<b>(51,844.00)</b>	<b>(2,163.00)</b>
<b>Cash Beginning Of Period</b>	<b>117,228.00</b>	<b>119,391.00</b>
<b>Cash End Of Period</b>	<b>65,384.00</b>	<b>117,228.00</b>

## 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 improve 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, 2015 and 2016.

#### **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, 2015 and 2016. The organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **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 reports 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.

## **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

## **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 as (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 September 14, 2017 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.