

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, 2017 and 2018, 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, 2018, and the results of its operations and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

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08/20/2019

School The world, Inc.
Statement of Financial Position
As of December 31, 2017 and 2018

	2017	2018
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 218,792.72	\$ 272,592.69
Accounts Receivable	\$ 997.15	\$ -
Other Current Assets	\$ 34,442.02	\$ 99,205.06
Total Current Assets	\$ 254,231.89	\$ 371,797.75
Property & Equipment		
Furniture and Equipment	\$ 6,371.29	\$ 15,544.36
Accumulated Depreciation	\$ (6,168.39)	\$ (8,078.63)
Total Property & Equipment	\$ 202.90	\$ 7,465.73
TOTAL ASSETS	\$ 254,434.79	\$ 379,263.48
 LIABILITIES & NET ASSETS		
Liabilities		
Deferred Revenue / Other Liabilities	\$ 184,439.62	\$ 224,500.28
Total Liabilities	\$ 184,439.62	\$ 224,500.28
Net Assets		
Unrestricted Net Assets	\$ 69,995.17	\$ 154,763.20
Total Net Assets	\$ 69,995.17	\$ 154,763.20
TOTAL LIABILITIES & NET ASSETS	\$ 254,434.79	\$ 379,263.48

School The world, Inc.
Statement of Activities
For the Year Ended December 31, 2017 and 2018

	2017	2018
Income		
Corporate Contribution	\$ 186,929	\$ 277,544
Individual Contributions	\$ 289,056	\$ 308,660
In-Kind Construction Materials	\$ 182,317	\$ 171,722
Student Service Program	\$ 496,973	\$ 638,231
Total Income	<u>\$ 1,155,275</u>	<u>\$ 1,396,156</u>
Expenses		
Salaries, Benefits & Taxes	\$ 343,256	\$ 386,763
Contruccion	\$ 299,714	\$ 279,093
Student Service Learning	\$ 250,808	\$ 297,423
Books Learning Materials	\$ 50,273	\$ 56,465
Office Expenses	\$ 97,650	\$ 115,655
Travel & Entertainment	\$ 47,791	\$ 91,964
Other Expenses	\$ 57,348	\$ 71,784
Total Expenses	<u>\$ 1,146,841</u>	<u>\$ 1,299,147</u>
Net Income	<u>\$ 8,434</u>	<u>\$ 97,009</u>

School The World, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017 and 2018

	2018				2017
	Fundraising	Management	Program Services	Total	Total
Expenses					
Books & Learning Materials	\$ -	\$ -	\$ 26,840.15	\$ 26,840.15	\$ 18,216.01
Construction Materials	\$ -	\$ -	\$ 279,093.03	\$ 279,093.03	\$ 299,714.03
Corporate Service Trip Expenses	\$ -	\$ -	\$ 32,293.35	\$ 32,293.35	\$ -
Memberships	\$ -	\$ 75.00	\$ -	\$ 75.00	\$ 10.99
Office Expenses	\$ -	\$ 20,221.73	\$ 24,184.15	\$ 44,405.88	\$ 41,526.39
Accounting Fees	\$ -	\$ 4,086.70	\$ 6,675.94	\$ 10,762.64	\$ 9,873.56
Bank Fees	\$ -	\$ -	\$ 3,711.05	\$ 3,711.05	\$ 3,293.76
Depreciation Expense	\$ -	\$ 1,910.24	\$ -	\$ 1,910.24	\$ 2,292.79
Food & Beverage	\$ -	\$ 949.71	\$ 1,788.13	\$ 2,737.84	\$ 3,270.46
Fundraising Expense	\$ 403.26	\$ -	\$ -	\$ 403.26	\$ 5,916.25
Insurance	\$ -	\$ 4,348.00	\$ -	\$ 4,348.00	\$ 3,201.20
Legal Fees	\$ -	\$ -	\$ 13,975.10	\$ 13,975.10	\$ 14,203.96
Marketing Expenses	\$ 1,757.96	\$ 2,382.67	\$ 3,173.79	\$ 7,314.42	\$ 5,785.16
Memberships & Subscriptions	\$ -	\$ 261.40	\$ -	\$ 261.40	\$ 360.37
Miscellaneous	\$ -	\$ 2,182.79	\$ 6,295.23	\$ 8,478.02	\$ 4,813.63
Parenting Classes	\$ -	\$ -	\$ 1,504.43	\$ 1,504.43	\$ 2,228.11
Payroll Services	\$ -	\$ 1,216.53	\$ -	\$ 1,216.53	\$ 933.01
Postage & Printing	\$ 404.25	\$ 3,055.00	\$ 155.88	\$ 3,615.13	\$ 2,481.24
Professional Development	\$ 797.00	\$ 11,263.60	\$ 784.69	\$ 12,845.29	\$ 8,660.88
School Resources	\$ -	\$ -	\$ 11,184.57	\$ 11,184.57	\$ 3,080.40
Technology & Software	\$ 4,491.00	\$ 8,851.52	\$ 6,101.49	\$ 19,444.01	\$ 16,196.90
Telephone & Internet	\$ -	\$ 6,435.76	\$ 3,491.83	\$ 9,927.59	\$ 10,152.73
Volunteer Support	\$ -	\$ 1,674.76	\$ 194.58	\$ 1,869.34	\$ 1,308.98
Web & Communications	\$ 59.95	\$ 3,430.87	\$ 49.00	\$ 3,539.82	\$ 2,846.10
Printing and Copying	\$ 147.36	\$ 190.65	\$ 223.11	\$ 561.12	\$ 927.16
Professional Services	\$ -	\$ -	\$ 600.00	\$ 600.00	\$ 1,250.00
Recruitment	\$ -	\$ 641.30	\$ 450.00	\$ 1,091.30	\$ 90.00
Salaries, Benefits and Taxes	\$ 14,114.69	\$ 80,930.89	\$ 291,717.71	\$ 386,763.29	\$ 343,255.98
Student Scholarships	\$ -	\$ -	\$ 8,761.04	\$ 8,761.04	\$ 8,972.94
Student Service Trip Expenses	\$ (235.67)	\$ 519.56	\$ 297,139.15	\$ 297,423.04	\$ 250,808.47
Teacher Training & Best Practices	\$ -	\$ -	\$ 29,624.95	\$ 29,624.95	\$ 32,057.27
Technology	\$ -	\$ 11,532.71	\$ 1,362.31	\$ 12,895.02	\$ 1,321.81
Transportation (GUA)	\$ 56.30	\$ 2,364.32	\$ 17,774.64	\$ 20,195.26	\$ 17,316.26
Travel Staff (US)	\$ -	\$ 8,240.46	\$ 31,235.37	\$ 39,475.83	\$ 30,474.88
Total	\$ 21,996.10	\$ 176,765.83	\$ 1,099,504.57	\$ 1,299,146.94	\$ 1,146,841.46

School The World, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2017 and 2018

	2017	2018
OPERATING ACTIVITIES		
Net Income	\$ 8,434.00	\$ 97,009.00
Adjustment Needed to Reconcile To Net Cash Provided by Operations:		
Accounts Receivable	\$ 5,968.00	\$ 997.15
Prepaid Expenses	\$ (11,342.00)	\$ (64,763.04)
Accounts Payable	\$ 13,598.00	\$ (8,940.89)
Deferred Revenue	\$ 14,525.00	\$ 44,099.50
Depreciation	\$ 2,293.00	\$ 1,910.24
Payroll Liabilities	\$ 33.00	\$ 902.05
Total Adjustment Needed to Reconcile To Net Cash Provided by Operations:	\$ 25,075.00	\$ (25,794.99)
Net cash provided by operating activities	\$ 33,509.00	\$ 71,214.01
INVESTING ACTIVITIES		
Furniture and Equipment	\$ -	\$ (9,173.07)
Net cash provided by investing activities	\$ -	\$ (9,173.07)
FINANCING ACTIVITIES		
Opening Balance Equity	\$ 4,619.00	\$ (8,240.97)
Net cash provided by financing activities	\$ 4,619.00	\$ (8,240.97)
Net cash increase for period	\$ 38,128.00	\$ 53,799.97
Cash at beginning of period	\$ 180,667.00	\$ 218,792.72
Cash at end of period	\$ 218,792.72	\$ 272,592.69

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, 2017 and 2018.

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, 2017 and 2018. 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 August 20, 2019, 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.