

# School The World, Inc.

Financial Statements and Report

December 31, 2019 and 2018

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## **Independent Accountant's Audit Report**

To the Board of Directors  
School The World, Inc.

We have audited the accompanying financial statements of School The World, Inc. (the organization), which comprise the Statement of Financial Position as of December 31, 2019 and 2018, and the related Statement of Income, Statement of Functional Expenses, and Statement of Cash Flow for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 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 financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of School The World, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flow for the years ended in accordance with accounting principles generally accepted in the United States of America.

Vatsal S Thakkar

Vatsal Thakkar, CPA

Lineal CPA

June 24, 2020

**School The World, Inc.**  
Statement of Financial Position  
As of December 31, 2019 and 2018

	2019	2018
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	445,973	272,594
Accounts Receivable, Net	33,032	
Prepaid Expense	43,400	99,205
<b>Total Current Assets</b>	<b>522,405</b>	<b>371,799</b>
<b>Noncurrent Assets</b>		
<b>Property, Plant and Equipment, Net</b>		
<b>Property, Plant and Equipment, Gross</b>		
Furniture and Fixtures	15,544	15,544
Accumulated Depreciation, Depletion and Amortization	-11,136	-8,079
<b>Total Property, Plant and Equipment, Net</b>	<b>4,408</b>	<b>7,465</b>
<b>Total Noncurrent Assets</b>	<b>4,408</b>	<b>7,465</b>
<b>Total Assets</b>	<b>526,813</b>	<b>379,264</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current Liabilities	143,082	220,499
Noncurrent Liabilities		4,000
<b>Total Liabilities</b>	<b>143,082</b>	<b>224,499</b>
<b>Equity</b>		
Retained Earnings	385,541	167,006
Accumulated Other Comprehensive Loss	-1,810	-12,241
<b>Total Equity</b>	<b>383,731</b>	<b>154,765</b>
<b>Total Liabilities and Equity</b>	<b>526,813</b>	<b>379,264</b>

**School The World, Inc.**  
**Statements of Income**  
For the years ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Corporate Contributions	132,167	277,544
Individual Contributions	1,033,461	308,659
In-Kind Construction Materials	282,995	171,722
Student Service Program	793,147	638,231
<b>Total Revenues</b>	<b>2,241,770</b>	<b>1,396,156</b>
<b>Gross Profit</b>	<b>2,241,770</b>	<b>1,396,156</b>
<b>Operating Expenses</b>		
<b>Operating Costs and Expenses</b>		
Depreciation and Amortization, Nonproduction	3,058	1,910
Construction Materials	524,350	279,093
Salaries, Benefits & Taxes	520,210	386,762
Student Service Learning	461,285	297,424
Books Learning Materials	62,104	56,465
Travel & Entertainment	103,493	91,965
Fundraising Expenses	117,116	403
Student Scholarship	25,232	8,761
<b>Total Operating Costs and Expenses</b>	<b>1,816,848</b>	<b>1,122,783</b>
<b>General and Administrative Expense</b>		
Computer, Software and Internet	34,192	45,807
General Insurance Expense	4,386	4,348
Bank Charges and Fees	5,516	3,711
Marketing Expense	5,234	7,314
Office Expenses	49,238	38,035
Professional Fees	53,064	40,491
Office Rent	42,515	36,657
<b>Total General and Administrative Expense</b>	<b>194,145</b>	<b>176,363</b>
<b>Total Operating Expenses</b>	<b>2,010,993</b>	<b>1,299,146</b>
<b>Net Income</b>	<b>230,777</b>	<b>97,010</b>

**School The World, Inc.**  
Statement of Functional Expenses  
For the years ended December 31, 2019 and 2018

Description	Fundraising	Program Services	Management	Total 2019	Total 2018
	2019	2019	2019		
	\$	\$	\$	\$	\$
Books & Materials		53,470		53,470	26,840
Construction Materials		524,351		524,351	279,093
Corporate Service Trip		34,517	11	34,528	32,293
Office Expenses		32,546	29,451	61,997	44,406
Accounting Fees		6,281	17,058	23,339	10,763
Bank Fees		4,447	1,082	5,529	3,711
Depreciation Expenses			3,058	3,058	1,910
Meal Expenses	20	3,690	1,935	5,645	2,738
Fundraising Expenses	116,978	139		117,117	403
Insurance Expense			4,386	4,386	4,348
Legal Fees		13,452	1,924	15,376	13,975
Marketing Expenses	1,832	792	2,610	5,234	7,314
Subscriptions		85	2,663	2,748	336
Miscellaneous	130	2,810	2,140	5,080	8,478
Parenting Classes		990		990	1,504
Payroll Services			563	563	1,217
Postage and Printing	909	1,620	8,067	10,596	4,176
Professional Development		956	11,285	12,241	12,845
School Resources		1,706		1,706	11,185
Technology & Software		1,445	18,353	19,798	19,444
Telephone & Internet		1,578	8,588	10,166	9,928
Volunteer Support		26	1,148	1,174	1,869
Web & Communications		2,630	1,598	4,228	3,540
Professional Services		195	1,350	1,545	600
Recruitment					1,091
Salaries, Benefits & Taxes	24,347	369,435	126,428	520,210	386,763
Student Scholarships		25,232		25,232	8,761
Student Service Trip Expenses		461,245	40	461,285	297,423
Teacher Training		8,634		8,634	29,625
Technology			1,866	1,866	12,895
Transportation (GUA)		26,253	1,735	27,988	20,195
Travel Staff (US)		32,752	8,226	40,978	39,476
<b>Total</b>	<b>144,216</b>	<b>1,611,233</b>	<b>255,568</b>	<b>2,011,017</b>	<b>1,299,147</b>

**School The World, Inc.**  
Statements of Comprehensive Income  
For the years ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Net Income	230,777	97,010
<b>Other Comprehensive Income (Loss)</b>		
Exchange Differences	-1,810	-12,241
<b>Total Comprehensive Net Income</b>	<b>-228,967</b>	<b>-84,769</b>



**School The World, Inc.**  
**Statements of Cash Flows**  
For the years ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net income (loss)	230,777	97,010
Non-cash adjustments:		
Depreciation, depletion and amortization	3,058	1,910
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	-33,032	997
(Increase) decrease in prepaid expense and other assets	55,805	-64,763
Increase (decrease) in accounts payable and accrued expenses	-7,634	-8,941
Increase (decrease) in deferred liabilities	-69,174	44,100
Increase (decrease) in other operating liabilities	-610	902
<b>Cash flows provided by (used in) operating activities</b>	<b>179,190</b>	<b>71,215</b>
<b>Investing Activities</b>		
Payments to acquire property, plant, and equipment	0	-9,173
<b>Cash flows provided by (used in) investing activities</b>	<b>0</b>	<b>-9,173</b>
<b>Other Activities</b>		
Effect of exchange rate on cash and cash equivalents	-1,813	0
Other Liabilitie	-4,000	-8,241
<b>Cash flows from other activities</b>	<b>-5,813</b>	<b>-8,241</b>
<b>Net cash increase (decrease) in cash and cash equivalents</b>	<b>173,377</b>	<b>53,801</b>
Cash and cash equivalents, beginning of year	272,594	218,793
<b>Cash and cash equivalents, end of year</b>	<b>445,971</b>	<b>272,594</b>

## **Notes to the Financial Statements**

**School The World, Inc.**  
Notes to the Financial Statements  
For the years ended December 31, 2019 and 2018

**1. 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.

**2. 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, 2018 and 2019

**3. 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.

**a. 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.

**b. 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.

**c. 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.

**d. 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

**School The World, Inc.**  
Notes to the Financial Statements  
For the years ended December 31, 2019 and 2018

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.

**e. 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.

**f. 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.

**g. 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.

**4. Subsequent Events**

School the world, Inc. has been evaluated for any subsequent events through June 24, 2020 which is the date the financial statements were available to be issued.

In the first quarter of 2020, the global economy was impacted by the Coronavirus pandemic. The organization, in line with local government guidelines and management's prioritization of employee safety closed all offices. The offices remain closed and will remain closed until circumstances allow for a safe return. The organization continues to monitor the economic impact of the pandemic on its financial results.

The organization participated in the Paycheck Protection Program (PPP) Loan which was part of the CARES Act. The organization will be submitting a forgiveness application and believes that all of the loan will result in forgiveness.