



ONE TO WORLD

ONE TO WORLD, INC.

Audited Financial Statements

June 30, 2018

Independent Auditor's Report

To the Board of Directors of
One To World, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of One To World, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 from material misstatement.

An audit involves 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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.

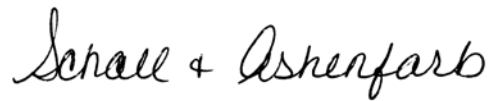
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One To World, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited One To World, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 1, 2018

ONE TO WORLD, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018
(With comparative totals at June 30, 2017)

| | <u>6/30/18</u> | <u>6/30/17</u> |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$439,889 | \$321,259 |
| Pledges and other receivables | 111,269 | 123,754 |
| Prepaid expenses | 29,726 | 24,763 |
| Total current assets | <u>580,884</u> | <u>469,776</u> |
| Non-current assets: | | |
| Property and equipment (net of accumulated depreciation) (Note 2) | 32,930 | 50,528 |
| Security deposit | 31,797 | 31,797 |
| Total non-current assets | <u>64,727</u> | <u>82,325</u> |
| Total assets | <u><u>\$645,611</u></u> | <u><u>\$552,101</u></u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$54,990 | \$18,515 |
| Refundable advances | 11,500 | 10,257 |
| Deferred rent | 19,000 | 8,000 |
| Total current liabilities | <u>85,490</u> | <u>36,772</u> |
| Net assets: | | |
| Unrestricted | <u>560,121</u> | <u>515,329</u> |
| Total liabilities and net assets | <u><u>\$645,611</u></u> | <u><u>\$552,101</u></u> |

The attached notes and auditor's report are an integral part of these financial statements.

ONE TO WORLD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

| Unrestricted: | <u>6/30/18</u> | <u>6/30/17</u> |
|-------------------------------------|-------------------------|-------------------------|
| Public support: | | |
| Government grants | \$95,000 | \$90,000 |
| Donated goods and services (Note 3) | 170,713 | 149,811 |
| Other grants and contributions | 114,150 | 64,450 |
| Individual contributions | 120,462 | 105,694 |
| Benefit income (Note 4) | \$763,944 | |
| Cost of direct benefits to donors | <u>(136,945)</u> | |
| Net benefit income | 626,999 | 480,253 |
| Revenue: | | |
| Membership fees | 46,633 | 49,118 |
| Program income | 155,568 | 165,860 |
| Publication and sponsorship income | 103,243 | 75,452 |
| Interest and other income | <u>1,127</u> | <u>1,264</u> |
| Total public support and revenue | <u>1,433,895</u> | <u>1,181,902</u> |
| Expenses: | | |
| Program services: | | |
| Enrichment programs | 335,995 | 332,748 |
| Publications | 35,638 | 33,217 |
| Fulbright programs | 292,917 | 249,123 |
| Global Classroom program | 244,063 | 229,210 |
| Total program services | <u>908,613</u> | <u>844,298</u> |
| Supporting services: | | |
| Management and general | 183,029 | 159,467 |
| Fundraising | 154,793 | 204,873 |
| Special events | 142,668 | 139,716 |
| Total supporting services | <u>480,490</u> | <u>504,056</u> |
| Total expenses | <u>1,389,103</u> | <u>1,348,354</u> |
| Change in net assets | 44,792 | (166,452) |
| Net assets - beginning | <u>515,329</u> | <u>681,781</u> |
| Net assets - ending | <u><u>\$560,121</u></u> | <u><u>\$515,329</u></u> |

The attached notes and auditor's report are an integral part of these financial statements.

ONE TO WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

| | Program Services | | | | Supporting Services | | | | | | |
|--|---------------------|-----------------|--------------------|--------------------------|------------------------|------------------------|------------------|------------------|---------------------------|------------------------|-------------------------|
| | Enrichment Programs | Publications | Fulbright Programs | Global Classroom Program | Total Program Services | Management and General | Fundraising | Special Events | Total Supporting Services | Total Expenses 6/30/18 | Total Expenses 6/30/17* |
| Salaries, payroll taxes and benefits | \$183,063 | \$19,152 | \$117,461 | \$189,288 | \$508,964 | \$112,132 | \$56,602 | \$68,375 | \$237,109 | \$746,073 | \$706,792 |
| Outside professional services | 8,018 | 753 | 6,085 | 8,568 | 23,424 | 28,615 | 79,087 | 44,107 | 151,809 | 175,233 | 181,981 |
| Program activities (including in-kind)(Note 3) | 103,361 | | 141,335 | 3,051 | 247,747 | | | | 0 | 247,747 | 219,523 |
| Occupancy costs | 25,292 | 2,847 | 17,464 | 26,559 | 72,162 | 16,671 | 8,103 | 10,166 | 34,940 | 107,102 | 101,078 |
| Postage | 748 | 380 | 520 | 739 | 2,387 | 605 | 1,943 | 439 | 2,987 | 5,374 | 3,912 |
| Printing and publications | 1,468 | 11,051 | 1,051 | 2,024 | 15,594 | 1,163 | 2,255 | 480 | 3,898 | 19,492 | 21,084 |
| Supplies and office expenses | 1,432 | 145 | 853 | 1,224 | 3,654 | 13,124 | 1,666 | 496 | 15,286 | 18,940 | 15,921 |
| Telephone | 1,405 | 158 | 970 | 1,475 | 4,008 | 925 | 450 | 565 | 1,940 | 5,948 | 12,047 |
| Insurance | 2,225 | 247 | 1,613 | 2,309 | 6,394 | 1,484 | 590 | 1,133 | 3,207 | 9,601 | 8,965 |
| Conference and meetings | 882 | 12 | 89 | 151 | 1,134 | 2,555 | 1,292 | 364 | 4,211 | 5,345 | 5,321 |
| Indirect fundraising expenses | | | | | 0 | | | 13,339 | 13,339 | 13,339 | 27,412 |
| Fees, dues and subscriptions | 799 | 71 | 434 | 1,007 | 2,311 | 941 | 465 | 269 | 1,675 | 3,986 | 4,558 |
| Total expenses before depreciation | 328,693 | 34,816 | 287,875 | 236,395 | 887,779 | 178,215 | 152,453 | 139,733 | 470,401 | 1,358,180 | 1,308,594 |
| Depreciation | 7,302 | 822 | 5,042 | 7,668 | 20,834 | 4,814 | 2,340 | 2,935 | 10,089 | 30,923 | 39,760 |
| Total expenses | \$335,995 | \$35,638 | \$292,917 | \$244,063 | \$908,613 | \$183,029 | \$154,793 | \$142,668 | \$480,490 | \$1,389,103 | \$1,348,354 |

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

ONE TO WORLD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

| | <u>6/30/18</u> | <u>6/30/17</u> |
|--|------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$44,792 | (\$166,452) |
| Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities: | | |
| Depreciation | 30,923 | 39,760 |
| Changes in assets and liabilities: | | |
| Pledges and other receivables | 12,485 | (28,226) |
| Prepaid expenses | (4,963) | 9,185 |
| Security deposit | 0 | (26,089) |
| Accounts payable and accrued expenses | 36,475 | (40,708) |
| Refundable advances | 1,243 | 1,251 |
| Deferred rent | 11,000 | 8,000 |
| Total adjustments | <u>87,163</u> | <u>(36,827)</u> |
| Net cash flows provided by/(used for) operating activities | <u>131,955</u> | <u>(203,279)</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | <u>(13,325)</u> | <u>(33,411)</u> |
| Net cash flows used for investing activities | <u>(13,325)</u> | <u>(33,411)</u> |
| Net increase/(decrease) in cash and cash equivalents | 118,630 | (236,690) |
| Cash and cash equivalents - beginning of year | <u>321,259</u> | <u>557,949</u> |
| Cash and cash equivalents - end of year | <u>\$439,889</u> | <u>\$321,259</u> |
| Supplemental information: | | |
| Interest and taxes paid | <u>\$0</u> | <u>\$0</u> |

The attached notes and auditor's report are an integral part of these financial statements.

ONE TO WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

One To World, Inc. ("One To World") provides programs and services to make the culture and people of metropolitan New York City and the tri-state area more accessible to the international students living and studying in the tri-state area.

b. Tax Status

One To World has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has not been designated as a private foundation.

c. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

d. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Basis of Presentation

One To World reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions as well as activity with donor imposed restrictions which expire within the same period.
- *Temporarily restricted* – represents contributions and the net residual of assets with donor imposed restrictions that are expected to be satisfied by performing certain activities or through the passage of time. One To World had no temporarily restricted net assets at June 30, 2018 and 2017.
- *Permanently restricted* – represents contributions and the net residual of assets, which have donor restrictions that are permanent in nature. One To World had no permanently restricted net assets at June 30, 2018 and 2017.

f. Revenue Recognition

Contributions have been recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose

restrictions is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Support that is restricted by the 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 government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received as of the end of the year and revenue earned related to each individual grant is classified as grants receivable or grant advances.

Membership fees and program income are recognized when earned (typically when the services are performed).

g. Cash and Cash Equivalents

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents.

h. Concentration of Credit Risk

Financial instruments which potentially subject One To World to concentration of credit risk consist of cash accounts which are placed with financial institutions that management deems to be creditworthy. At year end and at various times during the year, One to World had material uninsured balances; however, no losses have been suffered due to the failure of these institutions.

i. Pledges and Other Receivables

Pledges and other receivables consist of program service fees and contributions. Pledges are recognized as revenue when the promise is considered unconditional in nature. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All receivables at year end are due within one year, and have been recorded at net realizable value.

j. Allowance for Doubtful Accounts

Historically, One To World has not experienced significant bad debt losses. Management bases its allowance for doubtful accounts on its historical loss experience considering the age of the receivables. One To World has deemed that no allowance for doubtful accounts was necessary as of June 30, 2018 and 2017; therefore, any future write-offs will be charged to operations when all reasonable collection efforts have been exhausted.

k. Property and Equipment

Property and equipment that exceed certain dollar thresholds and have a useful life of greater than one year are capitalized at cost and are depreciated using the straight-line method over the estimated useful life of the asset.

l. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the

amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

m. Donated Goods and Services

Contributions of services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not contributed, are recorded as income and as related expense.

During the year, One To World used the services of volunteers to provide a wide range of services that include coordinating student activities and providing clerical and administrative services. Approximately 1,500 hours have been donated by volunteers. These services have not been recognized because they do not meet the criteria outlined above.

Donated equipment and other goods are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. (See Note 3.)

n. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general, and fundraising expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of One To World.

o. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with One To World's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

p. Accounting for Uncertainty of Income Taxes

One to World does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2015 and later are subject to examination by applicable taxing authorities.

q. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 1, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

r. **New Accounting Pronouncement**

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

One To World is in the process of evaluating the impact these standards will have on future financial statements.

Note 2 - Property and Equipment

Property and equipment consists of the following:

| | <u>6/30/18</u> | <u>6/30/17</u> |
|----------------------------------|------------------|------------------|
| Furniture and equipment | \$70,955 | \$57,630 |
| One To World website development | 92,201 | 92,201 |
| Leasehold improvements | <u>122,522</u> | <u>122,522</u> |
| | 285,678 | 272,353 |
| Less: accumulated depreciation | <u>(252,748)</u> | <u>(221,825)</u> |
| Net, property and equipment | <u>\$32,930</u> | <u>\$50,528</u> |

Note 3 - Donated Goods and Services

One to World recognized donated goods and services for program activities, which include space rentals, instructor fees, and ticket sale discounts, in the amounts of \$170,713 and \$149,811 for June 30, 2018 and 2017, respectively.

Note 4 - Fundraising Event

One To World holds an annual fundraising event. Direct expenses of the event that benefited donors have been netted with benefit income in the public support section, while other indirect costs of the event have been shown as special events expense in the fundraising section of the statement of functional expenses. A financial summary of the event is as follows:

| | <u>6/30/18</u> | <u>6/30/17</u> |
|--|------------------|------------------|
| Net proceeds | \$763,944 | \$603,949 |
| Less: expenses with a direct benefit to donors | <u>(136,945)</u> | <u>(123,696)</u> |
| | 626,999 | 480,253 |
| Less: other event expenses | <u>(142,668)</u> | <u>(139,716)</u> |
| Total | <u>\$484,331</u> | <u>\$340,537</u> |

Note 5 - Commitments

In October 28, 2016, One To World signed a ten-year lease agreement for new office space in New York, NY that expires on October 27, 2026. Future minimum lease payments are as follows:

| | | |
|--------------|---------------|------------------|
| Year ending: | June 30, 2019 | \$98,008 |
| | June 30, 2020 | 100,458 |
| | June 30, 2021 | 102,970 |
| | June 30, 2022 | 106,937 |
| | June 30, 2023 | 110,307 |
| Thereafter | | <u>387,667</u> |
| Total | | <u>\$906,347</u> |

Total rent expense was \$99,000 and \$85,000 in June 30, 2018 and 2017, respectively.

One To World has an unused revolving line of credit of \$50,000 as of June 30, 2018.

Note 6 - Employee Benefit Plan

One To World has a tax deferred annuity plan in accordance with the Internal Revenue Service Code Section 403(b). The plan allows employees to voluntarily contribute a portion of their salary (limited by statutory rates) to the plan to be used for retirement. The company provides a match of 1.5% to employees who have 2 years of service and 3% to those with 5 years of service. One To World contributed \$10,329 and \$7,834 to the plan during the years ended June 30, 2018 and 2017, respectively.

Note 7 - Significant Concentrations

Approximately 44% and 41% of One To World's total public support and revenue was derived from One To World's annual event income during the years ended June 30, 2018 and 2017, respectively.