



ONE TO WORLD

ONE TO WORLD, INC.

Audited Financial Statements

June 30, 2019

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. ("One To World"), which comprise the statement of financial position as of June 30, 2019, 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

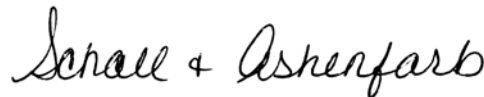
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One To World, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, One To World adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited One To World's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 10, 2019

ONE TO WORLD, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Assets		
Current assets:		
Cash and cash equivalents	\$210,431	\$439,889
Pledges and other receivables	141,864	111,269
Prepaid expenses	11,078	29,726
Total current assets	<u>363,373</u>	<u>580,884</u>
Non-current assets:		
Property and equipment (net of accumulated depreciation) (Note 3)	26,248	32,930
Security deposit	31,797	31,797
Total non-current assets	<u>58,045</u>	<u>64,727</u>
Total assets	<u><u>\$421,418</u></u>	<u><u>\$645,611</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$29,417	\$54,990
Refundable advances	0	11,500
Deferred rent	27,000	19,000
Total current liabilities	<u>56,417</u>	<u>85,490</u>
Net assets:		
Without donor restrictions	<u>365,001</u>	<u>560,121</u>
Total liabilities and net assets	<u><u>\$421,418</u></u>	<u><u>\$645,611</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, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Without donor restrictions:		
Public support:		
Government grants	\$86,000	\$95,000
Donated goods and services (Note 4)	106,673	170,713
Other grants and contributions	101,200	114,150
Individual contributions	97,525	120,462
Benefit income (Note 5)	\$592,557	
Cost of direct benefits to donors	<u>(147,318)</u>	
Net benefit income	445,239	626,999
Revenue:		
Membership fees	69,733	46,633
Program income	154,709	155,568
Publication and sponsorship income	65,066	103,243
Interest and other income	<u>4,245</u>	<u>1,127</u>
Total public support and revenue	<u>1,130,390</u>	<u>1,433,895</u>
Expenses:		
Program services:		
Enrichment programs	346,732	335,995
Publications	0	35,638
Fulbright programs	262,812	292,917
Global Classroom program	259,857	244,063
Total program services	<u>869,401</u>	<u>908,613</u>
Supporting services:		
Management and general	164,857	183,029
Fundraising	151,023	154,793
Special events	140,229	142,668
Total supporting services	<u>456,109</u>	<u>480,490</u>
Total expenses	<u>1,325,510</u>	<u>1,389,103</u>
Change in net assets	(195,120)	44,792
Net assets - beginning of year	<u>560,121</u>	<u>515,329</u>
Net assets - ending of year	<u><u>\$365,001</u></u>	<u><u>\$560,121</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, 2019
(With comparative totals for the year ended June 30, 2018)

	Program Services				Supporting Services			Total Expenses 6/30/19	Total Expenses 6/30/18*	
	Enrichment Programs	Fulbright Programs	Global Classroom Program	Total Program Services	Management and General	Fundraising	Special Events			Total Supporting Services
Salaries, payroll taxes and benefits	\$202,558	\$126,801	\$205,310	\$534,669	\$113,598	\$94,257	\$59,983	\$267,838	\$802,507	\$746,073
Outside professional services	8,367	6,401	9,511	24,279	20,630	22,372	19,000	62,002	86,281	175,233
Program activities (including in-kind)(Note 4)	81,357	102,511	639	184,507				0	184,507	247,747
Occupancy costs	27,310	18,702	30,134	76,146	16,755	13,460	8,847	39,062	115,208	107,102
Postage	335	268	1,265	1,868	348	2,052		2,400	4,268	5,374
Printing and publications	9,925	889	1,120	11,934	663	6,363		7,026	18,960	19,492
Supplies and office expenses	6,321	1,130	1,508	8,959	4,211	2,649	935	7,795	16,754	18,940
Telephone	2,515	1,722	2,775	7,012	1,543	1,239	815	3,597	10,609	5,948
Insurance	2,027	1,388	2,237	5,652	1,244	999	656	2,899	8,551	9,601
Conference and meetings	2,200	398	906	3,504	3,421	800		4,221	7,725	5,345
Other special event expenses				0		4,446	196,209	200,655	200,655	150,284
Fees, dues and subscriptions	415	272	699	1,386	357	709		1,066	2,452	3,986
Depreciation	3,402	2,330	3,753	9,485	2,087	1,677	1,102	4,866	14,351	30,923
Total expenses	346,732	262,812	259,857	869,401	164,857	151,023	287,547	603,427	1,472,828	1,526,048
Less: direct special event expenses netted with revenue				0			(147,318)	(147,318)	(147,318)	(136,945)
Total expenses for statement of activities	\$346,732	\$262,812	\$259,857	\$869,401	\$164,857	\$151,023	\$140,229	\$456,109	\$1,325,510	\$1,389,103

* 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, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Cash flows from operating activities:		
Change in net assets	(\$195,120)	\$44,792
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	14,351	30,923
Changes in assets and liabilities:		
Pledges and other receivables	(30,595)	12,485
Prepaid expenses	18,648	(4,963)
Accounts payable and accrued expenses	(25,573)	36,475
Refundable advances	(11,500)	1,243
Deferred rent	8,000	11,000
Total adjustments	<u>(26,669)</u>	<u>87,163</u>
Net cash flows (used for)/provided by operating activities	<u>(221,789)</u>	<u>131,955</u>
Cash flows from investing activities:		
Purchases of property and equipment	(7,669)	(13,325)
Net cash flows used for investing activities	<u>(7,669)</u>	<u>(13,325)</u>
Net (decrease)/increase in cash and cash equivalents	(229,458)	118,630
Cash and cash equivalents - beginning of year	<u>439,889</u>	<u>321,259</u>
Cash and cash equivalents - end of year	<u><u>\$210,431</u></u>	<u><u>\$439,889</u></u>
Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2019

Note 1 - Nature of the 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.

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.

Note 2 - Organization and Summary of Significant Accounting Policies

a. 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.

Effective July 1, 2018, One To World adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 9).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

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

- *New Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.

- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors for a specific purpose or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Donor restricted contributions, the requirements of which are met in the year of donation, are reported as net assets without donor restrictions. One To World did not have any net assets with donor restrictions at June 30, 2019 or June 30, 2018.

c. Revenue Recognition

Contributions are recorded as revenue upon the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions have been recorded in the class of net assets with donor restriction. Other contributions have been recorded in the class of net assets without donor restrictions.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. Conditional contributions are recognized as income when the conditions have been substantially met.

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).

d. Cash and Cash Equivalents

One To World considers all liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the One To World to concentration of credit risk consist of checking and savings accounts that have been placed with a financial institution that management deems to be creditworthy. From time-to-time, cash balances may be in excess of insurance levels. At year-end, there were no uninsured balances and One To World has not experienced any losses due to bank failure.

f. Allowance for Doubtful Accounts

All receivables are due within one year. 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, 2019 and 2018; therefore, any future write-offs will be charged to operations when all reasonable collection efforts have been exhausted.

g. 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.

h. 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.

i. 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 1,800 hours have been donated by volunteers. These services have not been recognized because they do not meet the criteria outlined above.

Donated goods and services 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 4.)

j. 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 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.

The following expenses were allocated using time and effort as the basis:

- Salaries

The following costs were allocated using salary as the basis:

- Payroll taxes and benefits
- Occupancy costs
- Telephone
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

k. 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.

l. 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, 2018, from which the summarized information was derived.

m. 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, 2016 and later are subject to examination by applicable taxing authorities.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 10, 2019, 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.

o. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (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, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

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. This ASU does not apply to contributions.

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 3 - Property and Equipment

Property and equipment consists of the following:

	<u>6/30/19</u>	<u>6/30/18</u>
Furniture and equipment – 3 - 5 year useful life	\$78,624	\$70,955
Website development – 3 year useful life	92,201	92,201
Leasehold improvements – life of lease	<u>122,522</u>	<u>122,522</u>
	293,347	285,678
Less: accumulated depreciation	<u>(267,099)</u>	<u>(252,748)</u>
Net property and equipment	<u>\$26,248</u>	<u>\$32,930</u>

Note 4 - 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 \$106,673 and \$170,713 for June 30, 2019 and 2018, respectively. This has been charged to program service expenses.

Note 5 - 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>6/30/19</u>	<u>6/30/18</u>
Net proceeds	\$592,557	\$763,944
Less: expenses with a direct benefit to donors	<u>(147,318)</u>	<u>(136,945)</u>
	445,239	626,999
Less: other event expenses	<u>(140,229)</u>	<u>(142,668)</u>
Total	<u>\$305,010</u>	<u>\$484,331</u>

Note 6 - Commitments

One To World occupies space in New York, NY under a lease that that expires on October 27, 2026. Future minimum lease payments are as follows:

Year ending:	June 30, 2020	\$100,458
	June 30, 2021	102,970
	June 30, 2022	106,937
	June 30, 2023	110,307
	June 20, 2024	113,065
	Thereafter	<u>274,602</u>
Total		<u>\$808,339</u>

Total rent expense was \$108,000 and \$99,000 in June 30, 2019 and 2018, respectively.

One To World has an unused revolving line of credit of \$50,000 as of June 30, 2019.

Note 7 - 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 \$9,942 and \$10,329 to the plan during the years ended June 30, 2019 and 2018, respectively.

Note 8 - Significant Concentrations

Approximately 39% and 44% 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, 2019 and 2018, respectively.

Note 9 - Availability and Liquidity

One To World's financial assets available to meet cash needs for general expenditures within one year are \$352,295, which consist of cash and cash equivalents of \$210,431 and pledges and other receivables due within one year of \$141,864, at June 30, 2019. There are no external or internal limits imposed on these balances. As part of its liquidity management, One To World operates its programs within a board approved budget and relies on contributions, grants, and earned income to fund its operations and program activities.