

H E A L Y A N D A S S O C I A T E S

C E R T I F I E D P U B L I C A C C O U N T A N T

ONE WORLD CHILDREN'S FUND
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

February 13, 2018

Board of Directors
One World Children's Fund
San Francisco, California

I have audited the financial statements of One World Children's Fund (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Board of Directors
One World Children's Fund
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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One World Children's Fund as of September 30, 2017, 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.

Healy and Associates

Healy and Associates
Concord, California

ONE WORLD CHILDREN'S FUND
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Notes B and C)	\$ 935,747
Grants and accounts receivable (Note D)	277,475
Prepaid expenses	<u>28,403</u>

Total Current Assets 1,241,625

Grants and accounts receivable, long term (Note D)	122,571
Other assets	1,230
Fixed assets, net (Note E)	<u>-</u>

Total Assets \$ 1,365,426

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	<u>\$ 13,447</u>
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Total Liabilities 13,447

COMMITMENTS AND CONTINGENCIES (Note F)

NET ASSETS

Unrestricted	99,352
Temporarily restricted (Note G)	<u>1,252,627</u>

Total Net Assets 1,351,979

Total Liabilities and Net Assets \$ 1,365,426

ONE WORLD CHILDREN'S FUND
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Foundation grants and contributions	\$ 358,157	\$ 1,905,552	\$ 2,263,709
Special events	1,100		1,100
Other income	2,541		2,541
	<u>361,798</u>	<u>1,905,552</u>	<u>2,267,350</u>
Net assets released from restriction	<u>1,994,460</u>	<u>(1,994,460)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>2,356,258</u>	<u>(88,908)</u>	<u>2,267,350</u>
EXPENDITURES			
Program services	1,886,294		1,886,294
Administrative services	143,544		143,544
Fundraising expenses	231,932		231,932
	<u>2,261,770</u>	<u>-</u>	<u>2,261,770</u>
CHANGE IN NET ASSETS	94,488	(88,908)	5,580
NET ASSETS, beginning of year	<u>4,864</u>	<u>1,341,535</u>	<u>1,346,399</u>
NET ASSETS, end of year	<u>\$ 99,352</u>	<u>\$ 1,252,627</u>	<u>\$ 1,351,979</u>

See Notes to Financial Statements

ONE WORLD CHILDREN'S FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	\$ 74,750	\$ 72,921	\$ 54,289	\$ 201,960
Payroll taxes	7,325	7,043	5,136	19,504
Employee benefits	4,374	4,474	2,502	11,350
Total Personnel Expenses	86,449	84,438	61,927	232,814
Grants paid	1,725,104	-	117,000	1,842,104
Professional services	28,824	9,111	12,567	50,502
Accounting fees	-	30,958	-	30,958
Transaction fees	24,296	993	2,756	28,045
Travel	9,425	1,147	10,570	21,142
Events	-	-	19,048	19,048
Occupancy	4,535	6,776	2,951	14,262
Dues and memberships	1,302	2,805	1,192	5,299
Other	869	2,548	1,263	4,680
Meetings	935	1,232	1,441	3,608
Meetings and conferences	2,980	-	-	2,980
Insurance	995	981	712	2,688
Office supplies	516	1,056	472	2,044
IT services	-	1,265	-	1,265
Printing and postage	64	234	33	331
Total Expenses	\$ 1,886,294	\$ 143,544	\$ 231,932	\$ 2,261,770

See Notes to Financial Statements

ONE WORLD CHILDREN'S FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING	
ACTIVITIES:	
Change in net assets	\$ 5,580
CHANGES IN ASSETS AND LIABILITIES:	
Accounts receivable	408,263
Prepaid expenses	(28,403)
Other assets	3,815
Accounts payable and accrued expenses	<u>(223,768)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>165,487</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	165,487
CASH AND CASH EQUIVALENTS, beginning of year	<u>770,260</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 935,747</u></u>

See Notes to Financial Statements

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

NOTE A – NATURE OF ACTIVITIES

One World Children's Fund (Organization) is a California nonprofit public benefit corporation, founded in 1998 with its principal office in San Francisco. The Organization's mission is uniting people to improve the lives of children affected by poverty, with a vision of a world where we act together as a global community to ensure children have access to education, healthcare, and a safe home.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Financial statement presentation follows the guidance of the Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under this standard, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Organization had no permanently restricted net assets at September 30, 2017.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment

Property and equipment are stated at cost. Major furniture and equipment purchases are capitalized and depreciated over their respective useful lives. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Foreign Operations

The Organization partners with global nonprofits and other organizations to provide resources to affect change. They work with over 65 partners in over 23 countries.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates under different assumptions or conditions.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The Organization measured the fair value of cash and cash equivalents using Level 1 inputs. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

Revenue Recognition

The Organization receives funding primarily from individual, foundation, and corporate contributions. Revenues from government contracts are recognized when the Organization rendered services stipulated in the contracts and are billed.

In accordance with ASC 958, grants and contributions received are recorded as unrestricted or temporarily restricted depending on the existence and nature of grantor restrictions. Contributions are recorded as restricted support if they are received with grantor stipulations that limit the use of the contributed assets. When a grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, or donor restrictions are satisfied by the passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include the costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Exemption Status

The Organization has received exempt status under section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and Management has analyzed tax positions taken and has concluded that there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

NOTE C – CONCENTRATION OF CREDIT

At September 30, 2017, the Organization had \$620,961 in accounts in financial institutions exceeding insured limits. To date, the Organization has not experienced losses in any of these accounts, and the liquidity of the financial institution is monitored by Management.

NOTE D – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable as of September 30, 2017 include \$277,475 as current and \$122,571 as long term, expected to be received in two to three years. These receivables are also considered as a concentration as they are primarily due from two funders (37% and 29%). Management continually monitors receivables for collectability, and no allowance for doubtful accounts is considered necessary.

NOTE E – FIXED ASSETS

At September 30, 2017, the Organization had \$3,307 in fixed assets, all of which are fully depreciated. Accordingly, there was no depreciation expense for the period.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

NOTE F – COMMITMENTS AND CONTIGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management believes the Organization has complied with the terms of all grants.

The Organization rents office space in San Francisco under a lease which expires in October 2018. Rental expense for the year ended September 30, 2017 was \$13,542. The future commitment in 2018 is \$17,392.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2017, temporarily restricted net assets of \$1,252,627 are available. Temporarily restricted net assets released from restriction during the year were \$1,994,460.

<u>Restricted Purpose</u>	<u>Beginning Balance</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Partners abroad	\$ 1,199,890	\$ 1,905,552	\$(1,852,815)	\$1,252,627
General Operations	141,645	-	(141,645)	-
Total	<u>\$ 1,341,535</u>	<u>\$ 1,905,552</u>	<u>\$(1,994,460)</u>	<u>\$1,252,627</u>

NOTE H – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through February 13, 2018 the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since September 30, 2017 that required recognition or disclosure in the financial statements.