

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

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

March 15, 2023

Board of Directors
One World Children's Fund
Los Angeles, California

Opinion

I have audited the accompanying financial statements of One World Children's Fund (a nonprofit public benefit corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of One World Children's Fund and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about One World Children's Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

One World Children's Fund
Los Angeles, California

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 One World Children's Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about One World Children's Fund's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.



Healy and Associates
Concord, California

ONE WORLD CHILDREN'S FUND
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,478,177
Grants receivable, current	830,709
Prepaid expenses	<u>17,457</u>

Total Current Assets 2,326,343

Grants receivable, long-term, net 649,077

Total Assets \$ 2,975,420

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses \$ 76,610

Total Liabilities 76,610

CONTINGENCIES

NET ASSETS

Without donor restrictions 834,345
With donor restrictions 2,064,465

Total Net Assets 2,898,810

Total Liabilities and Net Assets \$ 2,975,420

ONE WORLD CHILDREN'S FUND
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 801,995	\$ 3,524,133	\$ 4,326,128
Special events	3,407	-	3,407
Other income	<u>2,627</u>	<u>-</u>	<u>2,627</u>
	808,029	3,524,133	4,332,162
Net assets released from restriction	<u>3,205,602</u>	<u>(3,205,602)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>4,013,631</u>	<u>318,531</u>	<u>4,332,162</u>
EXPENSES			
Program services	3,627,010	-	3,627,010
Administrative services	196,262	-	196,262
Fundraising expenses	<u>130,724</u>	<u>-</u>	<u>130,724</u>
TOTAL EXPENSES	<u>3,953,996</u>	<u>-</u>	<u>3,953,996</u>
CHANGE IN NET ASSETS	59,635	318,531	378,166
NET ASSETS, beginning of year	<u>774,710</u>	<u>1,745,934</u>	<u>2,520,644</u>
NET ASSETS, end of year	<u>\$ 834,345</u>	<u>\$ 2,064,465</u>	<u>\$ 2,898,810</u>

See Notes to Financial Statements

ONE WORLD CHILDREN'S FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	\$ 129,453	\$ 121,229	\$ 106,690	\$ 357,372
Payroll taxes	10,739	10,112	8,858	29,709
Employee benefits	4,636	4,991	3,971	13,598
Total Personnel Expenses	144,828	136,332	119,519	400,679
Grants paid to others	3,446,349	-	-	3,446,349
Accounting fees	-	22,582	-	22,582
Professional services	5,500	13,721	-	19,221
Dues and memberships	9,090	4,268	2,854	16,212
Transaction fees	14,753	-	-	14,753
IT services	2,502	10,811	255	13,568
Bank charges and fees	-	2,600	4,835	7,435
Other	2,594	4,411	79	7,084
Insurance	1,143	1,068	943	3,154
Printing and postage	251	439	2,187	2,877
Meetings	-	30	52	82
TOTAL EXPENSES	\$ 3,627,010	\$ 196,262	\$ 130,724	\$ 3,953,996

ONE WORLD CHILDREN'S FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 378,166

CHANGES IN ASSETS AND LIABILITIES:

Grants receivable (609,748)

Prepaid expenses (9,931)

Accounts payable and accrued expenses 58,337

NET CASH USED BY OPERATING ACTIVITIES (183,176)

NET CHANGE IN CASH AND CASH EQUIVALENTS (183,176)

CASH AND CASH EQUIVALENTS, beginning of year 1,661,353

CASH AND CASH EQUIVALENTS, end of year \$ 1,478,177

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE A – NATURE OF ACTIVITIES

One World Children's Fund (Organization or One World) is a California nonprofit public benefit corporation. One World's predecessor organization was founded in 1998. The Organization began operating in its current form in 2000. The Organization's mission is uniting people to improve the lives of children affected by poverty, with a vision of a world where people 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. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable are composed primarily of unconditional promises to give due at their net realizable value. The Organization evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. At September 30, 2022, management determined that all receivables are fully collectible and therefore, has not recorded an allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost. Major furniture and equipment purchases of \$5,000 or greater are capitalized and depreciated over their respective useful lives. Depreciation is computed on the straight-line method over the estimated useful lives. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

Grants Paid To Others

The Organization partners with global nonprofits and similar organizations to provide resources to affect change. During the year ended September 30, 2022, the Organization sent \$3,446,349 to partners and similar organizations abroad.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents (measured using Level 1 inputs). 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 in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets 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 cannot be corroborated by observable market data.

Revenue Recognition

The Organization is supported primarily through contributions from foundations, individuals, and corporations.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on time and effort spent in the area.

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.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

NOTE C – CONCENTRATION OF CREDIT

At September 30, 2022, the Organization had \$1,228,159 in accounts in financial institutions exceeding insured limits and in PayPal (\$1,222,847 and \$5,312, respectively). To date, the Organization has not experienced losses in any of these accounts, and the liquidity of the financial institution is monitored by management.

During the fiscal year ended September 30, 2022, the Organization received funding from one funder representing approximately 40% of total revenue and support, consisting of 12 grants to support 4 fiscally sponsored member organizations, and one grant to support the Organization.

Eighty-one percent (81%) of the Organization's grants receivable at September 30, 2022, are due from one funder, consisting of 9 grants to support 3 fiscally sponsored member organizations.

NOTE D – GRANTS RECEIVABLE

At September 30, 2022 grants receivable are expected as follows:

Expected in one year	
Grants receivable	\$830,709
Expected in two to four years	
Grants receivable	666,302
Less: discount for present value (3.83%)	<u>(17,225)</u>
	<u>\$1,479,786</u>

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions for the year ended September 30, 2022 are as follows:

<u>Restricted Purpose</u>	<u>Beginning Balance</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Members abroad	\$1,745,934	\$3,524,133	(\$3,205,602)	\$2,064,465
Total	<u>\$1,745,934</u>	<u>\$3,524,133</u>	<u>(\$3,205,602)</u>	<u>\$2,064,465</u>

NOTE F – CONTINGENCIES

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 works with members abroad to fulfill their mission. In doing so, the Organization sends funds abroad and works with the members to manage the funds directly or indirectly.

NOTE G – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,478,177
Grants receivable	1,479,786
Total financial assets	<u>2,957,963</u>
Less:	
Net assets with purpose restrictions to be met in one year	<u>(2,064,465)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 893,498</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

ONE WORLD CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

NOTE H – EMPLOYEE BENEFITS

The Organization's employees are entitled to unlimited flexible paid time off for absences unrelated to illness or injury, which is not accrued or earned. The Organization's employees are also entitled to paid sick leave. The Organization does not pay employees for unused paid sick leave at any time, including upon termination of employment. The amount of paid time off liability at September 30, 2022, could not be determined and is thus not reflected in the accompanying financial statements. Paid time off is accounted for in the period it is used.

During the year ended September 30, 2022, the Organization started a simple IRA plan (Plan) which offers its employees participation in the Plan with up to a 3% match. During the year ended September 30, 2022 the Organization contributed \$7,564 to the participants accounts and is included in employee benefits in the accompanying statement of functional expenses.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through March 15, 2023, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since September 30, 2022, that required recognition or disclosure in the financial statements.