OneSky teaches communities and caregivers to provide nurturing responsive care and early education that unlocks the potential hidden in our world’s most vulnerable children.
Dear Aunties and Uncles,

And we call you that because you – our partners and donors – you are our family. Every child who benefits from our OneSky programs has many dozens of aunties and uncles they may never meet. A family that transforms the lives of hurt children: that’s you. Because of you, OneSky has the great privilege of making miracles happen every day.

Honestly, we can’t think of a better way to have spent the past 20 years!

Our OneSky story began with one small child—one child with a bad luck beginning... a child just like the many thousands we serve today. And then another followed. And another. And then hundreds of thousands of little miracles. Miracle lives transformed by the power of loving care.

But even as we revel in our glorious past, let’s also celebrate what hasn’t happened yet. The promise of a bright future, that with all of us working together, OneSky will deliver.

We know that all young children need the same things, and the younger we can reach them, the better—the children taught us that. And they taught us how important it is to share all we’ve learned as widely as possible. There’s nothing out there there—it’s not in the developing world—that’s quite like OneSky. No one else is looking to make large scale change by teaching thousands how to impact the lives of millions.

Our first step beyond orphanage walls was to work with left-behind children in China’s rural villages. China’s left-behind children taught us that, besides training teachers and caregivers, we must find a way to do what we can to support families, to help keep them together and strong. Children may get by in difficult circumstances. But only when families are whole and healthy, can we ensure that every child has a caring adult in her life and a chance to reach her potential.

And so, in 2017, we brought our work to Vietnam, where migrant factory workers bring their children down from the mountain villages, and where OneSky now teaches caregivers how to provide quality early learning and care to thousands of young children.

In 2018, with support from a generous donor, OneSky launched a small pilot program in Mongolia’s capital city, where thousands of once-proud nomadic families are living in encampments, exposed to harsh conditions, and their children are failing to thrive. We began our work in one government day nursery. A small step, but, of course, we have hopes of eventually training all the nation’s caregivers.

Whether reaching out to children in orphanages, rural villages, industrial zones or urban encampments, none of this would have been possible without you. Here’s to the past 20 years—and to all the children we plan to reach in the years ahead!

All our love and thanks,
second chance at childhood: at-risk children have a Here’s a brief look back at indirectly had a positive reached close to 180,000 In the past 20 years, we have circumstances. to benefit, rather than broken systems and practices and how to gently transform power to make a difference, caregivers and give them the to train staff in China’s government, how to bring together the adults who are responsible for children’s welfare, how to train caregivers and give them the to make a difference, and how to gently transform broken systems and practices to benefit, rather than damage, vulnerable young children in many different circumstances. In the past 20 years, we have reached close to 180,000 children, trained more than 38,000 caregivers and indirectly had a positive impact on millions more children and adults. Here’s a brief look back at our two decades of helping at-risk children have a second chance at childhood:

Jenny and Richard Bowen adopted their daughter, Maya, a toddler from a welfare institution in southern China, and received a first-hand education in the trauma of early neglect and institutionalization. Their new daughter suffered from both physical and cognitive developmental delays, but after just one year of love, nurture, and individualised attention, Maya was transformed.

Half the Sky Foundation, named for the Chinese adage, “Women hold up half the sky,” was founded to train staff in China’s social welfare institutions and to provide family-like infant nurture and preschools for orphaned children. (Later, the foundation became known as OneSky for all children.)

The first pilot programs—developed by pediatricians and early childhood practitioners to provide loving, responsive care and early education to institutionalized children—were launched in two Chinese state-run orphanages.

OneSky established its Loving Families Program to provide permanent, caring two-parent homes for children whose physical and developmental challenges make them unlikely to be adopted. The groundbreaking public/NGO/private partnership, The Rainbow Program—to train child welfare workers all over China—was launched at Beijing’s Great Hall of the People on Children’s Day. The OneSky Approach became China’s national standard for care of institutionalized children.

OneSky celebrated its fifth anniversary by hosting a national conference in Hefei, Anhui Province, on nurture and education in China’s welfare institutions. With support from the Ford Foundation, OneSky published For the Children, a training manual outlining its proven approach to providing high-quality, nurturing care for institutionalized children.

OneSky Founder Jenny Bowen was awarded the Skoll Award for Social Entrepreneurship, presented in Oxford, England, by former US President Jimmy Carter. For the Beijing year, she was an Olympic torchbearer—the only American selected by popular vote to run the Olympic torch across China. Former US President Bill Clinton presented her with the Skoll Award at the Skoll World Forum in Oxford, to recognize her unique leadership.

For the Beijing Olympics, OneSky’s methods and training were taken to Vietnam, to provide early learning and daycare for the children of migrant factory workers in industrial zones, where safe and developmentally appropriate daycare was lacking.
THE ONESKY APPROACH FOR THE WORLD’S VULNERABLE CHILDREN

As OneSky marks its 20th anniversary, we look back on the transformation of nearly 180,000 young lives. Beginning in the orphanages of China in 1998, we have been working nonstop ever since, offering the best chance possible to once-forgotten children.

We believe that all children have unlimited promise, no matter their beginnings, their circumstances, or their challenges. We believe it is every child’s birthright to have full access to nurturing care and early education, especially in the formative years. No child should struggle alone.

For two decades now, we have developed and offered proven Early Childhood Care and Education (ECCE) strategies to help at-risk children grow and thrive. We have refined a combination of loving care and training expertise that succeeds. Our work is dedicated to nurturing the smallest and most vulnerable human beings among us, to assure them that someone cares, and to offer them the help they need to develop and flourish.

The OneSky Approach is focused on human beings, and relies on skilled and loving human interaction between children and those who care for them.

Four elements form the foundation of our work:

- **Responsive care.** Caregivers are attuned to children’s cognitive and emotional needs, observing them carefully and creating loving attachment. As children learn to trust, they maximize their chances of optimal development and well-being.

- **Trained caregivers.** OneSky emphasizes the critical need of all children to have the consistent presence of a loving adult in their lives. Professional training in responsive care and best practices for teachers and caregivers is offered in many settings and at many levels, adapted to different cultures and needs. Our training stresses the importance of relationships. The goal is to help neglected children reach their full potential, while also transforming the lives of the adults who care for them.

- **A nurturing and safe environment.** Nurseries and classrooms are designed to be safe, soothing and inviting, making children feel comfortable, engaged and at home. Everything in the environment is aimed at benefiting the children—from child-friendly surroundings; to caregivers and teachers who form close, loving relationships; to the use of materials and toys that are stimulating and developmentally appropriate.

- **Supportive and collaborative partnerships.** At all levels, in each place we work, cooperative relationships with governments, businesses and individuals allow us to expand our programs to reach as many children as possible. The ultimate aim is to transform social systems so that vulnerable children everywhere get the love, attention, and support they need.

The OneSky Approach has proven effective and scalable, whether applied in Chinese orphanages and rural villages, Vietnamese home-based child care settings, or day nurseries in Mongolia. By providing ongoing training, guidance and support, we build local capacity and enable our partners to adjust the programs to reach and help as many children as possible. The OneSky Approach is adaptable and can succeed wherever young children face adversity, especially in low-resource settings.

It is OneSky’s deep conviction that resources spent on human beings—on neglected children and the adults dedicated to caring for them—is an investment in everybody’s future. In changing young lives for the better, we have a chance to create a better world.

As we celebrate what we have accomplished, we must never forget the work yet to be done, the children yet to be reached.
OneSky’s first programs began in the orphanages of China, transforming young lives with infant nurture and early learning programs designed especially for institutionalized children. The OneSky Approach proved so effective that China now uses it as the standard of care for children in all its social welfare institutions.

To date, OneSky has reached 104 institutions in all of Mainland China’s 31 provinces. Currently, in conjunction with Chinese government partners, OneSky is set to train every child welfare worker in the nation in its proven methods, and thus help institutionalized children reach their full potential.

OneSky’s work for orphaned children includes:

**The OneSky Approach for Orphaned Children**

**Infant Nurture**

The OneSky emphasis on responsive care is designed to maximize the gains children make in the formative earliest years of life. Local community women are trained to provide this important nurture and developmental expertise. Each woman cares for three or four babies that she regards as her own.

**Preschool**

OneSky’s early childhood educators use a unique and progressive curriculum that fosters cognitive, physical, language and social-emotional development. Children are helped to develop a healthy sense of self, so often missing in institutionalized children.

**Loving Families**

With the support of OneSky, married couples who have already raised a family provide a stable, caring family home, parenting children whose physical, emotional or cognitive challenges may preclude their adoption.
In OneSky’s Loving Families Program, married couples devote themselves to three to five children with special needs, creating warm supportive new families, where the children live in a home with a mom and a dad. Sometimes the father is still working, so when there’s just one person caring for the children all day, it’s almost always the mother. That’s why OneSky’s family mentor was surprised—and a little skeptical—when a husband, *Yasheng, applied to be a stay-at-home dad. Yasheng, who had been working full-time as a carpenter, and his wife *Lanjuan, who was at the time a full-time mom, were already doing a wonderful job as foster parents for four children with special needs. But if Yasheng also stayed home as a full-time parent, that would allow adding four more special-needs children to the family.

“My first thought was eight children—impossible!” recalls OneSky’s family mentor. She admits she was slipping into a stereotype, but she wasn’t sure that Yasheng, or any male, had the temperament for round-the-clock parenting.

“People who take this job have to have tons of patience, not only because children are demanding,” she said, “but also because it is even more difficult parenting children with special needs.”

Nevertheless, OneSky staff decided to take a chance on the eager dad-to-be. And it worked! Yasheng has proven to be a supportive, inventive and fun-loving foster father. Now he and his wife both are fulltime parents to seven girls and one boy, ranging in age from 2 to 12, whose special needs include cerebral palsy, congenital heart disease and Down syndrome. Yasheng says his guiding principle—underscored by OneSky’s foster parent training—is, “Children should be treated with kindness from the bottom of our hearts.” OneSky could not be prouder of this patient and devoted stay-at-home dad!

**FUTURE GOALS**

To establish a OneSky Demonstration Center in every Chinese province by 2022.

To reach every orphanage in China by 2030.

**ORPHANAGE PROGRESS IN 2018**

Launched the Empowerment Initiative for orphanages, creating Demonstration Centers to support other welfare institutions in the province.

In conjunction with our Chinese sister organization, Chunhui Children, continued to help smaller orphanages create programs of their own through the Seed Center Initiative. This past year, two new Seed Centers were begun.

Evaluated our work in 31 institutions, including nine Demonstration Centers and 22 Seed Centers.

Expanded the National Training Program to two new provinces.

Held 36 training sessions, including three primary trainings, four secondary trainings, and 26 refresher trainings.

Held special education trainings for mentors, to increase inclusion of special needs children in appropriate daily activities and classes.

Created a Demonstration Center to model appropriate care and education techniques for use with children who have special needs.
In 2015, OneSky began work in the troubled rural villages of China. Staggering numbers of children—including 2.5 million 5 years old and younger—had been left behind as parents from impoverished areas went off to work in distant cities. The children, in the care of grandparents and other relatives who struggled just to feed them, became China’s “economic orphans.” The grandparents, too, were suffering, and community life in the villages was falling apart.

OneSky began offering early learning and individual help to village children, support and training in responsive care for the grandparents and other caregivers, as well as community-building activities. Local women, who might otherwise have left for city jobs, were trained and employed as teachers and family mentors. That meant they could remain in the village and work with the children—helping poor, rural communities become viable again.

OneSky’s work in China’s villages includes:

**CHINA: VILLAGES**

**THE ONESKY APPROACH FOR CHILDREN LEFT BEHIND**

**FAMILY SKILLS**

Primary caregivers, mostly grandparents, are offered training in responsive care, attachment and bonding, brain development and stimulation, and communications skills, to help the children in their care. Training takes place at the OneSky Family Center, as well as during weekly home visits.

**PRESCHOOL**

A child-centered curriculum is offered to children aged 3 to 6, regardless of ability to pay. The program emphasizes responsive care, aimed at improving cognitive and social-emotional development, and preparation for primary school.

**COMMUNITY ENGAGEMENT**

To give struggling grandparents respite, and to encourage other village residents to help out and care for the children, OneSky holds trainer-facilitated village gatherings. Community activities, including gardening and other projects, are encouraged and supported, to get villagers working together again.
When 5-year-old Xiaoming first joined OneSky’s village preschool, he kept to himself. While the other children in class talked and giggled, he sat alone, always quiet and often sleepy. No wonder. Not only was Xiaoming small for his age and withdrawn, he was carrying adult responsibilities on his thin shoulders.

When he was still a baby, Xiaoming’s mother had abandoned the family because of their poor financial situation. Since then, his grandmother had cared for him. The little boy’s dad was rarely at home, working outside the village to support the family.

At first, Xiaoming’s grandmother planned to raise some chickens and ducks to supplement the family’s meager income, but her poor health ruled that out. Having suffered from severe rheumatic disease for almost three decades, her limbs were deformed and it was very difficult for her to walk, or dress herself. She could barely get out of bed, let alone care for a flock.

Despite his small stature and young age, Xiaoming volunteered to step in for his grandmother. Each day after school, he fed the chickens and ducks and filled their water dishes. He also helped his grandmother take her medicine, get dressed and undressed, and even emptied her bed pan. The little boy’s constant refrain to his grandmother was, “Grandma, please relax. I will take care of you.”

When Xiaoming’s teacher, Cao Yan, learned of his family situation, she paid extra attention to him, using all she had learned in her OneSky training to help him become more comfortable. The big breakthrough came when Cao Yan noticed one day that Xiaoming was happily engaged, painting a picture. So she encouraged him, pleased to see how talented he was and how happy he was with a paint brush in his hand.

Xiaoming still cares for his ailing grandmother, but now he’s also enjoying his art work and playing with new friends. Although the boy’s father is still busy farming outside the village most of the time, when he has visited, he has been amazed and deeply touched by his son’s progress. He always makes a point of thanking his son’s teachers for their good work and care. And, of course, Xiaoming’s grandmother is delighted that he is doing well at school. “I am so grateful to my grandson’s teachers,” she says.
A rural people in Vietnam have been forced to migrate to urban factory jobs in recent years, they brought their children along—1.2 million young ones in all—only to find no safe, affordable daycare available in the areas where they work.

That meant some 10,000 children under the age of 6, in Da Nang’s Hoa Khanh Industrial Zone alone, lacked proper daytime care. For children 1 to 6 years old, state-run kindergarten existed, but migrant workers were either ineligible due to lack of residency status or couldn’t afford it. Instead, an overcrowded and expensive industry of unregulated and untrained home-based daycare providers sprung up.

To offer a safe and stimulating alternative for migrant children and bring peace of mind to their parents, OneSky launched its first Early Learning Center (ELC) in 2017, in the Hoa Khanh Industrial Zone. Working closely with our partners—including the Ministry of Education and Training and the local trade union—the ELC provides safe, child-centered care to migrant children, 6 months to 6 years old. By 2018, several hundred children had been enrolled. OneSky’s trained teachers follow a curriculum especially adapted for the needs of children in Vietnam. The program offers developmentally appropriate care, creative play and music, and a stimulating environment to promote children’s cognitive, physical, language and social-emotional development.

OneSky’s work for Vietnam’s migrant children includes:

**TRAINING FOR HOME-BASED CARE PROVIDERS**

In positive ways and proven methods to provide quality care in their home centers.

**TRAINING FOR PARENTS**

To enable them to support their children’s healthy development at home.

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**THE ONESKY APPROACH FOR CHILDREN OF MIGRANTS**
When *Nhât was 14 months old, while both his parents were hard at work, he was sitting, silent and bored, in a dismal room with other children whose parents were also employed in one of Vietnam’s industrial zones. Both his parents worked and had no choice but to send him to a home-based day care center. There, he joined the other listless children, lined up on stools, staring at a small TV screen all day. Two untrained caregivers were in charge of 30 children.

Nhât’s development was stalled. At 15 months old he couldn’t crawl. At 2 ½-years-old, he could barely say a word. He faced other problems, as well—congenital drooping eyelids that caused vision problems, and a chest wall deformity that caused breathing difficulties and made his speech hard to understand.

That all began to change when Nhât’s parents were able to enroll him in OneSky’s Early Learning Center. At first, when other children came near him, he cried. But, his teachers noticed what made Nhât perk up: picture books, especially those about animals. As his teacher read aloud, Nhât was soon following along, running his little fingers over the pictures and names of each animal. Then he began to repeat the names.

After just seven months, his teachers noted that he had made an astonishing turnaround. He was laughing and playing. He was even dancing, and he announced that he wanted to learn English.

Although his speech was still hard to understand, Nhât surprised his teachers and parents with his incredible memory. From a boy who could barely talk, he soon knew more numbers, letters and names of animals than any other child in the class.

“Seven months ago, I dared not dream that I would ever see him playing and dancing with his friends so confidently,” said his father. “I have never felt so proud of my son.”

VIETNAM

VIETNAM PROGRESS IN 2018

Provided services for 252 children, aged 6 months to 6 years, in the Early Learning Center.

Recruited and trained 80 home-based care providers in the Hoa Khanh Industrial Zone to deliver quality care.

Launched a website, called 1BigFamily, where home-based daycare providers can expand on what they learn in class and create a learning community with their peers.

FUTURE GOALS

Train an additional 540 home-based care providers in the Da Nang area factory districts and two other provinces.

Continue to grow the newly launched e-learning platform for early childcare teachers and trainers, to better serve an increasing number of children.

Based on the success of our work in Da Nang, Vietnam’s Ministry of Education and Training has asked OneSky to scale our programs to 19 additional provinces.
From a once pastoral way of life, Mongolia’s rural nomads have in recent years migrated by the thousands to the country’s one major metropolis, Ulaanbaatar. Forced by extreme weather conditions and hardship to leave their traditional life, the families have wound up in crude sprawling urban settlements of ger—temporary yurt-like structures. Conditions are dismal, and most public services—running water, waste collection—are nonexistent.

Most critically lacking are opportunities and services for thousands of children, as Mongolia’s government struggles to help new arrivals who live on the edge. Surrounded by a crumbling culture, unemployment, alcoholism, and a lack of community, children wind up neglected, malnourished, and alone—desperately in need of safe and loving care. Ulaanbaatar has only three state-run facilities to care for children at risk under the age of three. Such nurseries provided nutrition and medical help, but lacked any programs to address children’s social and emotional needs.

When OneSky received a request for help, a pilot program was launched to transform one of the state-run nurseries, known as Nursery 40. There, the OneSky Approach was adapted to benefit very young children who are failing to thrive. OneSky trained staff in its proven method of responsive, nurturing care; adapted learning materials to be culturally appropriate; and supplied new toys. Additionally, staff from other local nurseries were able to join in and benefit from the training.

Today, Nursery 40, with its rooms full of active, engaged children, serves as an example of what can be done for Mongolia’s vulnerable young ones—and for at-risk children anywhere, whatever the setting or conditions.
Four months is a long time in the life of a little child, and Naran has made the most of these months—a time when a child’s brain can develop at astonishing speed. With attentive care and stimulation, small children show amazing changes during their earliest years—learning language, becoming more physically coordinated, coming to trust other people, learning to play.

When Naran came to OneSky’s pilot nursery in Ulaanbaatar, she was just 16 months old, and—as is often true of neglected children—lagging behind. She didn’t know how to feed herself and cried helplessly until her teacher fed her. Naran avoided the other children and was often in tears.

Her family life had been more than difficult. From a nomadic existence in a remote area, they had come to the bustling, but troubled, city of Ulaanbaatar. In such conditions, the children suffer most—malnourished and often on their own. Fortunately, when Naran’s family settled in, her father had a job with the military—but her mother was still looking for work.

When Naran got to the OneSky pilot nursery, her teachers, trained to know how responsive, loving care can help a child, held Naran, talked with her, and reassured her. Four months later, the OneSky Approach had begun to work its magic. Naran was now smiling and making sounds.

Naran’s family—her mother, father, and two brothers—all noticed the big change in their smallest family member. In just four months, Naran had learned to feed herself, and was playing games with the other children.

Now that Naran was attending OneSky’s nursery every day—and smiling when she came home!—everyone in her family was feeling a glimmer of hope. Each day, they looked forward to seeing new progress.

Imagine how happy her family was when Naran began to try out some words. Mama, she said. And then a few more words: mine, and no. And, perhaps most promising of all, she surprised everyone one day by saying yet another new word: teacher!

Mongolia

FUTURE GOALS
Launch a program to support the hundreds of thousands of children under the age of 3 who lack quality early care in ger districts surrounding the nation’s capital city.

Trained caregivers will, in turn, take the OneSky Approach to other nurseries, reaching more of Mongolia’s children in need.

OneSky for all children

Mongolia Progress in 2018
Served 180 children in the pilot program in Nursery 40.
Trained staff in additional nurseries.
We would like to extend a heartfelt thanks to all of our corporate and foundation partners for providing very significant financial and in-kind contributions. This support is crucial for our work transforming the lives of vulnerable children so they can have a second chance at childhood.

For more information, visit www.onesky.com/about-us/our-partners/

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The key components of OneSky’s pilot program include training the children’s often elderly caregivers who are struggling to make ends meet while also providing care for their grandchildren; providing nurturing responsive care that promotes healthy development; and designing community-wide engagement projects that enlist the village’s remaining adults to do what they can to support the children.

OneSky also hired and trained hundreds of local women to become OneSky family mentors to conduct valuable home visits that provide much-appreciated support for struggling grandparents. Many of our family mentors are mothers, who without their OneSky jobs, would otherwise leave home to earn a living.

The China Development Research Foundation and Amsterdam Institute for Global Health and Development conducted a three-year randomized control study of our pilot program that found significant positive effects, including higher scores in child development assessments—specifically gross-motor, personal-social skills and cultural knowledge. Participating caregivers were also found to be more loving with their children, interacted more with their children and better managed their children’s behavior. Now that our IKEA Foundation-supported pilot program has proven so successful, OneSky is continuing to work with local government partners to expand to more villages in central China.

This program could not have happened without the visionary support of the IKEA Foundation. IKEA Foundation’s program manager, Biswarup Banerjee, provides a simple and powerful explanation for why the foundation stepped forward as the earliest and biggest supporter of our efforts to tackle the enormous challenges faced by left-behind children and their caregivers. The motivation, he says, was to: “Help make sure vulnerable children in rural China have a safe place to call home, access to quality early education and a community of engaged caregivers.” IKEA Foundation’s visionary leadership helped us do exactly that—ensure that children in our pilot villages have what should be every child’s birthright, safe learning spaces and loving caregivers to give them the best chance for a bright future.

Thanks to a wonderfully generous, multiyear grant from IKEA Foundation, OneSky was able to establish a groundbreaking program for China’s “economic orphans”, the 2.5 million children under 5 years old who are left behind in impoverished villages when their parents have to migrate to big cities to find work.

IKEA Foundation was an early leader not only in supporting our pilot program, but also in recognizing the scale of the problem in China’s rural villages, where up to 85 percent of parents have migrated away for work and researchers have chronicled poor nutritional, developmental and mental health outcomes for left-behind children.

IKEA Foundation

Groundbreaking Support for China’s Economic Orphans

IKEA Foundation

Partners

24 OneSky for all children

IKEA Foundation

Groundbreaking Support for China’s Economic Orphans

25 OneSky for all children
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**Chairman**

GUY BISSO
CEO, Winsigners Department Store Division (Kmart and Target Australia). Retired Guy joined Kmart Australia in 2005 as Managing Director and was the CEO of department stores at Kmart and Target. After joining McDonald’s Australia in 1974, he became Managing Director and CEO in 1995. He serves as President, McDonald’s Greater China from 2005-2007.

**Executive Vice President - Asia Pacific, Fossil Inc.**

RANDY C. BELCHER
Executive Vice President - Asia Pacific, Fossil Inc. Randy is responsible for leading Fossil Group’s commercial sales and distribution businesses in the Asia Pacific region and the global supply chain operations based in Asia. He is also responsible for leadership of the company’s global sustainability programs. Besides OneSky, he currently sits on the boards of the Food Foundation (Chairman) and Helen Keller International and informally consults with social enterprises based in Hong Kong.

**Founder, The Peter Bennett Foundation**

PETER C. BENNETT
Prior to establishing his foundation, Peter started his career at JPMorgan, and then worked for 10 years for the Colman Company, enabling the company’s global sustainability programs. Besides OneSky, he currently sits on the boards of the Food Foundation (Chairman) and Helen Keller International and informally consults with social enterprises based in Hong Kong.

**Chief Executive Officer, Radius**

DAEKN BEVAN
CEO (Volunteer), OneSky Australia Ltd. Daeke served as Senior Vice President, Human Resources, Training and Development company, and Guste Fund Management. The Peter Bennett Foundation supports charitable and social impact development in China, Southeast Asia, and Hong Kong.

**Professor of Pediatrics, University of Minnesota**

DANA JOHNSON, MD, PhD
Dana is a professor at the University of Minnesota where he co-founded the International Adoption Medical Clinic. His research interests include the effects of early institutionalization on growth and development and the outcomes of internationally adopted children. He has two birth daughters, three stepdaughters and an adopted son from India.

**Sierra Club Private Investor**

STELLA LEE
Dana’s is a professor at the University of Minnesota where he co-founded the International Adoption Medical Clinic. His research interests include the effects of early institutionalization on growth and development and the outcomes of internationally adopted children. He has two birth daughters, three stepdaughters and an adopted son from India.

**Co-Founder and Managing Partner of Asia Alternatives**

MELISSA MA
Melissa has helped OneSky meet all 20 Standards for Charity Accountability of the Better Business Bureau Wise Giving Alliance (BBBWGAA) and has been highly evaluated by the following: Charity Navigator (which has awarded OneSky its top four-star rating), GuideStar, (Donate and WatchGiving).

**CEO, Thyme Strategic Holdings**

Melissa has been running Yoma, a Myanmar-based business conglomerate that engages in real estate development, automotive and heavy equipment distribution, and consumer food retail and distribution, since 2015. Previously, he was CEO of Serge Pun & Associates (Myanmar) Ltd, where he also served as the Managing Director of Yoma Strategic Holdings. He is a graduate of the University of Cambridge. He divides his time between Hong Kong, Singapore and Myanmar.

**Former Director, Fossil Group, Inc. & Managing Director, Fossil (Asia) Ltd.**

JAI S. SHROFF, J.P.
Born in Shanghai, Jai is a long-time resident of Hong Kong, where he lives with his wife Pernu. In addition to his distinguished business career, Jai is a prominent business leader. He served as director of Vision 2047, was Chairman of the Executive Committee of the English Schools Foundation and President of the Rocket Club Cricket Club.

**Senior Vice President, Capital Research International**

F. CHAPMAN TAYLOR
Chairman also serves on the boards of For Love of Children, Micromeds and Kayla Tekenda Empat in Indonesia. He and his wife, Grace Boye Taylors, live in Washington DC.

**Founder and Managing Director of Summitview Capital Management Ltd.; former principal at Sansar Capital Management LLC in New York, and a Vice President at China’s leading investment banking and brokerage firm GuotaiJinJian Securities in Shanghai.**

ZILI ZHANG
He earned an MBA from the Wharton School of the University of Pennsylvania and an MA from the Shanghai University of Finance and Economics.

**Founder and CEO, OneSky**

JENNY BOWEN
A former screenwriter and filmmaker, Bowen founded Half the Sky (now OneSky) in 1998 to give back to China—the birthplace of her two adopted daughters—by helping the many orphaned and abandoned children in China. Her work has been recognized with a Jefferson Award for Social Entrepreneurship, and serves on China’s National Committee for Orphans and Disabled Children.

**Founder and CEO, OneSky**

LISA NORTON
Lisa is a retired attorney and author of How To Be A Global Non-profit: Legal and Practical Guidance for International Activities. After many years in the corporate sector, Lisa devoted a decade to writing the legal needs of non-profit organizations and now owns several non-profit boards. Lisa and her husband, Harvey, are the parents of four children, two of whom were adopted from China.

**CEO, OneSky for all children**

MATT DALLO
MATT DALLO is CEO and Founder of Endless Mobile. In the age of 16, Matt founded China Care Foundation to help orphaned children with special needs in China, and currently serves as President of its Board. He is a graduate of Harvard University and holds an MBA from the Stanford Graduate School of Business.

**Chairman, Mandarin Shipping Limited**

TIM HUXLEY
Tim has spent 45 years in the shipping industry starting as a trainee shipbroker with Clarkson in 1962 after graduating from Edinburgh University. The former CEO of Clarkson Asia Ltd, Tim has served as Vice Chairman of the Hong Kong Shipowners Association and is a regular commentator on shipping issues.

**Professor of the School of Business.**

S. CHAPMAN TAYLOR
Fred F. Chapman also serves on the boards of For Love of Children, Micromeds and Kayla Tekenda Empat in Indonesia. He and his wife, Grace Boye Taylors, live in Washington DC.

**CEO, Yoma Strategic Holdings**

ZILI ZHANG
Founder and Managing Director of Summitview Capital Management Ltd.; former principal at Sansar Capital Management LLC in New York, and a Vice President at China’s leading investment banking and brokerage firm GuotaiJinJian Securities in Shanghai. He earned an MBA from the Wharton School of the University of Pennsylvania and an MA from the Shanghai University of Finance and Economics.

**Founder, Empat in Indonesia. He and his wife, Grace Boye Taylors, live in Washington DC.**

ZILI ZHANG
Founder and Managing Director of Summitview Capital Management Ltd.; former principal at Sansar Capital Management LLC in New York, and a Vice President at China’s leading investment banking and brokerage firm GuotaiJinJian Securities in Shanghai. He earned an MBA from the Wharton School of the University of Pennsylvania and an MA from the Shanghai University of Finance and Economics.
To the Audit Committee and Board of Directors
OneSky Foundation and Subsidiaries
Berkeley, California

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of OneSky Foundation and Subsidiaries, which comprise the consolidated financial statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OneSky Foundation and Subsidiaries as of December 31, 2018 and 2017 and the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the consolidated financial statements, OneSky Foundation and Subsidiaries has adopted ASU 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.

Crowe LLP
Sacramento, California
June 4, 2019

Independent Auditor's Report

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

OneSky Foundation and Subsidiaries, December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,562,211</td>
</tr>
<tr>
<td>Pledges receivable, net (Note 3)</td>
<td>415,536</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10,849</td>
</tr>
<tr>
<td>Prepaid program expenses</td>
<td>81,593</td>
</tr>
<tr>
<td>Inventory</td>
<td>38,629</td>
</tr>
<tr>
<td>Property and equipment, net (Note 4)</td>
<td>450,385</td>
</tr>
<tr>
<td>Deposits</td>
<td>161,344</td>
</tr>
<tr>
<td>Total assets</td>
<td>$4,720,547</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$273,127</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>107,266</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>380,393</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,477,453</td>
</tr>
<tr>
<td>Board-designated</td>
<td>9,928</td>
</tr>
<tr>
<td>Total net assets without donor restrictions</td>
<td>1,487,381</td>
</tr>
<tr>
<td>With donor restrictions (Note 5)</td>
<td>2,852,773</td>
</tr>
<tr>
<td>Total net assets</td>
<td>4,340,154</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$4,720,547</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
Consolidated Statements of Activities and Changes in Net Assets
OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

Revenues, gains and other support:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions (Notes 9, 10 and 11)</td>
<td>$3,943,918</td>
<td>$5,058,539</td>
</tr>
<tr>
<td>Contributed services and materials</td>
<td>396,850</td>
<td>396,850</td>
</tr>
<tr>
<td>Merchandise sales</td>
<td>2,859</td>
<td>2,859</td>
</tr>
<tr>
<td>Other income</td>
<td>42,335</td>
<td>42,335</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>5,126,207 (5,126,207)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenues, gains and other support</td>
<td>9,512,169 (67,668)</td>
<td>9,444,501</td>
</tr>
</tbody>
</table>

Expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>26,521</td>
<td>26,521</td>
</tr>
<tr>
<td>Other program services</td>
<td>7,279,746</td>
<td>7,279,746</td>
</tr>
<tr>
<td>Total program services</td>
<td>7,306,267</td>
<td>7,306,267</td>
</tr>
<tr>
<td>Fundraising:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>3,255</td>
<td>3,255</td>
</tr>
<tr>
<td>Other fundraising</td>
<td>1,452,091</td>
<td>1,452,091</td>
</tr>
<tr>
<td>Total fundraising</td>
<td>1,455,346</td>
<td>1,455,346</td>
</tr>
<tr>
<td>Merchandise costs</td>
<td>1,526</td>
<td>1,526</td>
</tr>
<tr>
<td>Management and general (Notes 7 and 8):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>242,201</td>
<td>242,201</td>
</tr>
<tr>
<td>Other management</td>
<td>670,888</td>
<td>670,888</td>
</tr>
<tr>
<td>Total management and general</td>
<td>913,089</td>
<td>913,089</td>
</tr>
<tr>
<td>Total expenses</td>
<td>9,676,228</td>
<td>9,676,228</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(164,059) (67,668)</td>
<td>(231,727)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>$1,487,381</td>
<td>$2,852,773</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$1,651,440</td>
<td>$2,930,441</td>
</tr>
</tbody>
</table>

Consolidated Statements of Cash Flows
OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

**2018** | **2017**
---|---
Cash flows from operating activities: | |
Change in net assets | ($231,727) | $329,334 |
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | |
Depreciation | 22,320 | 13,632 |
Net change in assets and liabilities: | |
Pledges receivable, net | (235,992) | 653,412 |
Other receivables | 8,858 | 41,496 |
Prepaid program expenses | (12,925) | 37,138 |
Inventory | 436 | 23,153 |
Deposits | (132,435) | 59,794 |
Accounts payable | 169,335 | 23,499 |
Accrued expenses | 19,818 | (15,466) |
Net cash (used in) provided by operating activities | ($382,312) | 1,145,992 |

Cash flows used in investing activities: | |
Acquisition of property and equipment | (443,660) | (12,265) |
(Decrease) increase in cash and cash equivalents | ($255,972) | 1,139,727 |
Cash and cash equivalents, beginning of the year | 4,388,183 | 3,254,456 |
Cash and cash equivalents, end of the year | $3,562,211 | $4,388,183 |

Supplemental disclosures of cash flow information: | |
Contributed services and materials | $396,850 | $400,909 |

See accompanying notes to consolidated financial statements.
Compensation and benefits for non-field staff

Expenses (Notes 8):

- Office expenses: $75,405
- Travel: $337,470
- Occupancy: $167,169
- Conferences and meetings: $12,980
- Depreciation: $24,300

Subsidies, stipends and tuition: $1,842,952

Donated goods & services: $26,521

Compensation and benefits for field staff

- Training programs and materials: $1,526
- Event expenses: $17,733

Total functional expenses: $7,306,267

See accompanying notes to consolidated financial statements.

Consolidated Statements of Functional Expenses

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>Merchandise Cost</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,305,935</td>
<td>$1,128,208</td>
<td>$5,437,078</td>
<td>$1,455,346</td>
<td>$3,368,852</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
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Consolidated Statements of Functional Expenses

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

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<thead>
<tr>
<th>Year</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>Merchandise Cost</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td>$5,437,078</td>
<td>$1,455,346</td>
<td>$3,368,852</td>
</tr>
</tbody>
</table>

Consolidated Statements of Functional Expenses

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>Merchandise Cost</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<td>$1,128,208</td>
<td>$5,437,078</td>
<td>$1,455,346</td>
<td>$3,368,852</td>
</tr>
</tbody>
</table>

Notes to Consolidated Financial Statements

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND OPERATIONS

OneSky Foundation (the “Foundation” or “OneSky”), a non-profit public benefit corporation, was incorporated in November 1998 with its corporate office located in Berkeley, California. From inception and through April 2018, the legal name of the Foundation was “Half the Sky Foundation.” Effective May 2018, the name of the legal entity was changed to OneSky Foundation and Subsidiaries.

The Foundation formed a Beijing Representative Office in June 2008. Effective January 1, 2008 the Foundation also qualifies in the Netherlands as a charitable fund (“ANBI”).

OneSky Foundation Asia Limited (“Asia Ltd.”), a supporting organization of the Foundation, was incorporated in Hong Kong in March 2006. OneSky Foundation Limited (“UK Ltd.”), another supporting organization of the Foundation, was incorporated in England and Wales in April 2006. In connection with the legal name change for the consolidated entity, the legal names of these entities were formerly known as “Half the Sky” instead of “OneSky”, until May 2018.

The consolidated financial statements of the Foundation include the accounts of all the supporting organizations.

OneSky was created to help unlock the potential in the lives of vulnerable children. OneSky aims to ensure that young children at risk have a caring adult in their lives and a chance at a bright future by teaching communities and caregivers to provide nurturing responsive care and early education.

In support of its goal to enrich the lives of children, OneSky has developed the OneSky Approach to quality early education and care, and serves the following communities in China, Vietnam, and Mongolia:

For orphaned children: OneSky-inspired orphanage program models are located in 46 rural villages in China, Vietnam, and Mongolia to introduce the OneSky Approach to benefit very young children of impoverished nomadic herders living in that city’s ger districts. The nursery, which previously focused only on nutrition, had no programs to address children’s social and emotional needs, or healthy development. Besides fitting out the rooms with age-appropriate developmental toys and furnishings, OneSky hired additional caregivers and trained them along with existing caregivers, in how to use the educational opportunities for orphaned and abandoned children. OneSky’s Seed Centers provide short-term funding to independent organizations for up to three years, for the mentoring and training of individuals with limited resources. Such funding allows those organizations to establish programs of similar service to those operated directly by OneSky. During the year ended December 31, 2018, OneSky supported various orphanage programs at a total of 57 sites, including 32 Seed Centers.

For left-behind children: OneSky-inspired program models in China’s rural villages are designed to teach communities and caregivers how to mitigate the damage done to the generation to follow by the prolonged absence of their parents who have moved away to find work in faraway cities. Services offered include Family Skills, which teaches parenting skills and responsive care training to primary caregivers, Early Learning, which includes training and food, monetary gatherings, monthly community projects, and cooperative childcare. During the year ended December 31, 2018, OneSky supported programs in 46 villages within one province.

For migrant workers’ children: OneSky’s work in Vietnam includes the development and operation of a model Early Learning Center (ELC) located in the Huu Khanh Industrial Park In Da Nang. The model center, which offers the OneSky Approach to benefit children, ages 6 months to 6 years, of factory workers who cannot afford or do not have access to other adequately trained and trained centers, opened in September 2017. Training in the OneSky Approach is further offered to Da Nang’s home-based care providers and parents, that quality care can be provided to young children at risk anywhere they may spend their days.

For children facing their own challenges: OneSky provides funds to a variety of programs and projects in connection with the educational needs of these vulnerable children.

See accompanying notes to consolidated financial statements.

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Fundraising</th>
<th>Merchandise Cost</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$2,305,935</td>
<td>$1,128,208</td>
<td>$5,437,078</td>
<td>$3,368,852</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,305,935</td>
<td>$1,128,208</td>
<td>$5,437,078</td>
<td>$3,368,852</td>
</tr>
</tbody>
</table>
Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Foundation and its supporting organizations. Inter-organization transactions and balances have been eliminated upon consolidation.

Foreign Currency: Assets and liabilities denominated in foreign currencies are translated into United States of America dollars, the reporting currency, at the exchange rates in effect on the date of the transaction. Monetary asset and liability balances are translated at rates which approximate those in effect on transaction dates. A significant amount of the Foundation’s expenses were paid for using the Chinese Renminbi for the years ended December 31, 2018 and 2017. Translation gains and losses were attributable to exchange rate movements and are reported in accumulated other comprehensive income, which are not reflected separately in the consolidated financial statements.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Credit Risk: The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight money market accounts. The amounts on deposit may exceed insured limits. The Foundation believes that the risk of loss of principal due to default by the financial institution is minimal. The fair value of cash equivalents is equivalent to cost.

Net Assets - with donor restrictions – Net assets with donor restrictions released from donor restrictions are reported in the consolidated financial statements at the carrying amount of the asset as with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Foundation according to the terms of the contribution. Upon satisfaction of such stipulations, net assets are released from with donor restrictions net assets and recognized as without donor restrictions net assets.

Net Assets - without donor restrictions – Net assets without donor restrictions are released from donor restrictions when the conditions and constraints imposed by the donor are no longer effective. Once removed from donor restrictions, net assets without donor restrictions are reported as net assets released from donor restrictions and recognized as without donor restrictions net assets.

Property and Equipment, Net: The Foundation recognizes property and equipment at cost. Acquisitions of property and equipment in excess of $500 are capitalized. Purchased property and equipment are stated at cost. Significant donated property and equipment are recorded at their estimated fair value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d)
Recently Adopted Accounting Guidance: In August 2016, the FASB issued ASU No. 2016-14, Not for Profit Entities (ASU 2016-14). In August 2016, ASU 2016-14 made several improvements to not-for-profit reporting. ASU 2016-14 no longer requires entities to use non-financial measures of contributions and impact in its Statement of Cash Flows. It requires disclosure of qualitative and quantitative information on how an entity manages liquid resources available to meet cash needs within one year of the statement of financial position date. ASU 2016-14 further requires the entity to disclose expenses by both natural and functional classification, as well as methods used to allocate between program and support functions. The ASU is effective for fiscal periods beginning after December 15, 2017. OneSky implemented the applicable elements of this guidance for the year ended December 31, 2018.

NOTE 3 – PLEDGES RECEIVABLE, NET
Pledges receivable represent unconditional promises to give by donors and are recorded at net realizable value. Pledges receivables of $445,536 and $418,544 at December 31, 2018 and 2017, respectively, were expected to be collected within one year. There were no long-term pledge receivables at December 31, 2018 and 2017.

The Foundation has received notification of various conditional pledges. For those pledges for which the conditions have not yet been substantially met with the purpose of the restriction or by the passage of time as follows during the year ended December 31, 2018:

| China Care Program | $ 22,800 | $ 859 |
| China Orphanage | 772,955 | 727,590 |
| China Training | 42,710 | 533,604 |
| China Village | 431,267 | 774,266 |
| Mongolia Nursery | 126,454 | 650,000 |
| Vietnam Early Learning Center | 96,940 | 214,122 |

Total net assets with donor restrictions amounted to $2,852,773 and $2,920,441 during the years ended December 31, 2018 and 2017, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT, NET
Property and equipment consisted of the following at December 31:

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$439,974</td>
<td>401,153</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(91,314)</td>
<td>(208,942)</td>
</tr>
</tbody>
</table>

Total property and equipment: $450,385 and $29,045, respectively.

Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $52,320 and $13,632, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS
Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Purpose/Period</th>
<th>2018 Amount</th>
<th>2017 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Care Program</td>
<td>$ 22,800</td>
<td>$ 859</td>
</tr>
<tr>
<td>China Orphanage</td>
<td>772,955</td>
<td>727,590</td>
</tr>
<tr>
<td>China Training</td>
<td>42,710</td>
<td>533,604</td>
</tr>
<tr>
<td>China Village</td>
<td>431,267</td>
<td>774,266</td>
</tr>
<tr>
<td>Mongolia Nursery</td>
<td>126,454</td>
<td>650,000</td>
</tr>
<tr>
<td>Vietnam Early Learning Center</td>
<td>96,940</td>
<td>214,122</td>
</tr>
</tbody>
</table>

Total net assets with donor restrictions amounted to $2,852,773 and $2,920,441 during the years ended December 31, 2018 and 2017, respectively.

NOTE 6 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS
Net assets were released from donor restrictions by incurring expenses aligned with the purpose of the restriction or by the passage of time as follows during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2018 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Care Program</td>
<td>$ 13,679</td>
</tr>
<tr>
<td>China Orphanage</td>
<td>1,001,523</td>
</tr>
<tr>
<td>China Training</td>
<td>1,054,320</td>
</tr>
<tr>
<td>China Village</td>
<td>1,118,563</td>
</tr>
<tr>
<td>Hong Kong Center</td>
<td>933,017</td>
</tr>
<tr>
<td>Mongolia Nursery</td>
<td>70,154</td>
</tr>
<tr>
<td>Vietnam Early Learning Center</td>
<td>650,000</td>
</tr>
<tr>
<td>Total net assets released from donor restrictions</td>
<td>$5,126,207</td>
</tr>
</tbody>
</table>

NOTE 7 – COMMITMENTS AND CONTINGENCIES
Lease Obligation: The Foundation leases office facilities in the United States, an office facility in Beijing, Peoples Republic of China (PRC), an apartment unit in Shanghai, PRC, and an apartment unit and office facility in Hong Kong. As of December 31, 2018, the operating leases are set to expire in several dates through October 2024. Rent paid under those leases was $256,133 and $205,993 for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018, the Foundation’s future minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$635,772</td>
<td>489,573</td>
<td>489,573</td>
<td>489,573</td>
<td>2,979,668</td>
</tr>
</tbody>
</table>

Contingencies: The Foundation is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount not included as expenses is not material.

NOTE 8 – EMPLOYEE BENEFIT PLANS
In January 1, 2009, the Foundation created a 401(k) plan, covering all employees who meet certain eligibility requirements. Under the 401(k) plan, employees may elect to contribute a certain percent of their eligible compensation to the 401(k) plan, subject to IRS limitations. The Foundation may matching contributions during the year equal to a discretionary percentage, as determined by the Foundation, of the participant’s salary reductions. Employer contributions vest at the rate of 20% per year with full vesting after 6 years of service with the Foundation. Total contributions made to the retirement plans by the Foundation for the years ended December 31, 2018 and 2017 were $64,222 and $64,979, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS
For the years ended December 31, 2018 and 2017, recorded contribution revenue from members of the Board of Directors of OneSky Foundation or companies or individuals with whom the Board of Directors are affiliated were $3,186,923 and $1,662,987, respectively.

NOTE 10 – AFFILIATED ENTITIES
OneSky Foundation Australia Limited (“Australia Ltd”), an affiliate of the Foundation, was incorporated in Victoria, Australia in May 2009. It has a joint project development with OneSky since 2011. Australia Ltd contributed $486,123 and $516,000 in the years ended December 31, 2018 and 2017, respectively. OneSky Foundation (Canada) Inc., a 501(c)(3) affiliate of the Foundation was incorporated in Canada in June 2009. OneSky Foundation (Canada) Inc. contributed $100,000 and $54,185 to the Foundation in the years ended December 31, 2018 and 2017, respectively.

NOTE 11 – MAJOR CONTRIBUTIONS
The Foundation had four donors whose combined contributions totaled more than 35% and 32% of total contributions for the years ended December 31, 2018 and 2017, respectively.

NOTE 12 – COOPERATION AGREEMENT
In early 2008, the Foundation entered into a cooperation agreement with the Ministry of Civil Affairs of the PRC (MCA) known as the “Blue Sky Plan.” Under this agreement, the Foundation works with the MCA to establish model project companies and to develop relevant and education programs in each of the provinces in the PRC.

In July 2015, the Foundation entered into the “OneSky Ye County Project” agreement with the Henan Province Bureau of Social Welfare (of the Henan Province Social Welfare Association in order to fund the Village Program at the Ye-County (of the Henan Province). Under this agreement, (of the Henan Province) the Chinese partners to establish Family-Skills Program and Early Childhood Development Centers designed to mitigate the damage to children under 6 years old, who are left without nurturing, responsive care during their most critical early years.

For the years ended December 31, 2018 and 2017, recorded contribution revenue from members of the Board of Directors of OneSky Foundation or companies or individuals with whom the Board of Directors are affiliated were $3,186,923 and $1,662,987, respectively.
NOTE 12 – COOPERATION AGREEMENT (Cont’d)

In April 2016, the Foundation entered into an agreement with the Vietnam Department of Education and Training (DOET). The agreement resulted in the construction of the Early Learning Center (ELC), which was developed as part of the Industrial Parks program. This first ELC is located near the Hoa Khanh Industrial Park in Da Nang, Vietnam and upon completion the ownership was fully retained by the DOET. Under the agreement with DOET, OneSky contributed partial funding for the construction costs of the ELC, provides OneSky employees and services at the ELC, and training to DOET personnel for the purpose of ultimately handing off operational responsibility to the DOET at a future date.

NOTE 13 – COOPERATION WITH CHBAF

Beginning in September 2012, a Chinese fundraising organization called ChunHui Bo’Ai Children’s Foundation (CHBAF) was established with objectives similar to those of the Foundation. During the years ended December 31, 2017 and 2018, the Foundation provided support and assistance to CHBAF for the operation of programs supporting disadvantaged children throughout China, to similar standards as programs operated by the Foundation.

NOTE 14 - LIQUIDITY AND AVAILABILITY

The Foundation’s financial assets available for general expenditure within one year of the statement of financial position date, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,562,211</td>
<td>$4,388,383</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>415,536</td>
<td>189,544</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10,849</td>
<td>19,707</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,988,596</strong></td>
<td><strong>$4,597,434</strong></td>
</tr>
</tbody>
</table>

The Foundation has $3,988,596 and $4,597,434 of financial assets available within 1 year of the statement of financial position date, to meet cash needs for general expenditure. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Pledges receivable are subject to implied time or purpose restrictions, but are expected to be collected and available for general expenditures within one year. The Foundation has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.
Unlocking the potential of our world's vulnerable children