ONESKY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Directors
OneSky Foundation and Subsidiaries
Berkeley, California

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of OneSky Foundation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of OneSky Foundation and Subsidiaries as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OneSky Foundation and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OneSky Foundation and Subsidiaries' ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 OneSky Foundation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OneSky Foundation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Crowe LLP

Crowe LLP

Los Angeles, California
May 28, 2022

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 4,894,271	$ 3,574,194
Pledges receivable, net (Note 3)	265,417	182,762
Other receivables	4,085	3,056
Prepaid program expenses	107,947	131,684
Inventory	8,107	8,135
Property and equipment, net (Note 4)	1,777,353	2,318,163
Deposits	145,203	161,984
Total assets	$ 7,202,383	$ 6,379,978
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 349,355	$ 364,207
Accrued expenses	142,422	139,212
Total liabilities	491,777	503,419
Net assets:		
Without donor restrictions	4,793,000	3,088,351
With donor restrictions (Note 5)	1,917,606	2,788,208
Total net assets	6,710,606	5,876,559
Total liabilities and net assets	$ 7,202,383	$ 6,379,978

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions (Notes 9, 10, and 11)	$ 5,188,187	$ 3,683,552	$ 8,871,739	$ 4,744,702	$ 4,431,358	$ 9,176,060
Contributed services and materials	178,703	-	178,703	260,551	-	260,551
Merchandise sales	100	-	100	5,205	-	5,205
Other income	320,156	-	320,156	581,838	-	581,838
Net assets released from restriction (Note 6)	4,554,154	(4,554,154)	-	5,030,322	(5,030,322)	-
Total revenues, gains and other support	10,241,300	(870,602)	9,370,698	10,622,618	(598,964)	10,023,654
Expenses:						
Program services:						
Donated goods and services	27,219	-	27,219	77,733	-	77,733
Other program services	6,620,601	-	6,620,601	6,791,172	-	6,791,172
Total program services	6,647,820	-	6,647,820	6,868,905		6,868,905
Fundraising:						
Donated goods and services	2,552	-	2,552	189	-	189
Other fundraising	914,240	-	914,240	1,115,346	-	1,115,346
Total fundraising	916,792	-	916,792	1,115,535	-	1,115,535
Merchandise costs:	-	-	-	731	-	731
Management and general (Notes 7 and 8):						
Donated goods and services	80,424	-	80,424	150,415	-	150,415
Other management	891,615	-	891,615	992,489	-	992,489
Total management and general	972,039	-	972,039	1,142,904	-	1,142,904
Total expenses	8,536,651	-	8,536,651	9,128,075	-	9,128,075
Change in net assets	1,704,649	(870,602)	834,047	1,494,543	(598,964)	895,579
Net assets, beginning of year	3,088,351	2,788,208	5,876,559	1,593,808	3,387,172	4,980,980
Net assets, end of year	$ 4,793,000	$ 1,917,606	$ 6,710,606	$ 3,088,351	$ 2,788,208	$ 5,876,559

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 834,047	$ 895,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	602,111	374,240
Net change in assets and liabilities:		
Pledges receivable, net	(82,655)	302,973
Other receivables	(1,029)	1,094
Prepaid program expenses	23,737	(36,032)
Inventory	28	120
Deposits	16,781	2,375
Accounts payable	(14,852)	23,135
Accrued expenses	3,210	32,227
Net cash provided by operating activities	1,381,378	1,595,711
Cash flows used in investing activities		
Acquisition of property and equipment	(61,301)	(978,617)
Net change in cash and cash equivalents	1,320,077	617,094
Cash and cash equivalents, beginning of the year	3,574,194	2,957,100
Cash and cash equivalents, end of the year	$ 4,894,271	$ 3,574,194
Supplemental disclosures of cash flow information		
Contributed services and materials	$ 178,703	$ 260,551

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	2021					2020				
	Program Services	Fundraising	Merchandise Cost	Management and General	Total	Program Services	Fundraising	Merchandise Cost	Management and General	Total
Expenses:										
Compensation and benefits for non-field staff	$ 1,669,554	$ 786,911	$ -	$ 642,152	$ 3,098,617	$ 2,116,064	$ 975,853	$ -	$ 763,109	$ 3,855,026
Consulting and professional services	3,411	2,125	-	95,589	101,125	125,441	-	-	94,650	220,091
Office expenses	36,407	31,985	-	9,881	78,273	48,320	43,217	-	13,218	104,755
Information technology	128,231	4,597	-	-	132,828	37,138	5,277	-	-	42,415
Occupancy	544,009	34,943	-	72,968	651,920	499,175	40,057	-	68,818	608,050
Travel	2,937	209	-	1,050	4,196	18,075	2,020	-	3,136	23,183
Conferences and meetings	185	-	-	-	185	4,014	-	-	-	4,014
Depreciation	546,313	1,194	-	54,604	602,111	339,398	1,133	-	33,709	374,240
Insurance	2,957	-	-	15,370	18,327	4,181	-	-	15,848	20,029
Compensation and benefits for field staff	1,771,971	-	-	-	1,771,971	1,772,958	-	-	-	1,772,958
Donated goods and services	27,219	2,552	-	80,424	110,195	77,733	189	-	150,415	228,337
Subsidies, stipends and tuition	1,304,143	-	-	-	1,304,143	1,612,710	-	-	-	1,612,710
Center construction, equipment and furnishings	91,320	-	-	-	91,320	77,636	-	-	-	77,636
Training programs and materials	493,215	-	-	-	493,215	132,575	-	-	-	132,575
Event expense	-	16,404	-	-	16,404	-	15,422	-	-	15,422
All other expense	25,948	35,872	-	1	61,821	3,535	32,367	731	1	36,634
Total functional expenses	$ 6,647,820	$ 916,792	$ -	$ 972,039	$ 8,536,651	$ 6,868,905	$ 1,115,535	$ 731	$ 1,142,904	$ 9,128,075

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND OPERATION

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 UK Limited ("UK Ltd."), another supporting organization of the Foundation, was incorporated in England and Wales in April 2008. 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 above.

OneSky envisions a world where every young child has access to quality early care and education. To achieve this objective, the Foundation has partnered with communities to provide quality responsive care and early education training. The objective of these partnerships is to expand the capacity and quality of caregiving so children in low resourced settings across Asia can thrive.

The Foundation provides direct support to young children and their caregivers, while also training partners and working with policy makers throughout Asia, specifically in the following countries:

China – Since 1998, OneSky has led efforts to make nurturing care available to children living in welfare institutions while also training caregivers in rural communities impacted by migration. The Foundation provides training to caregivers and foster parents in welfare institutions, as well as family/caregivers living and working in rural villages.

Beginning in 2020 OneSky begun training both family and professional caregivers in Hong Kong Special Administrative Region (SAR), to help young children thrive. Through the P. C. Lee OneSky Centre for Early Childhood Development OneSky supports families in one of the most economically disadvantaged areas of Hong Kong, by providing parent-skills training in a safe and educational play space for local children. These services are supported by OneSky’s Family Mentors.

Vietnam - Since 2017, OneSky has trained home-based daycare providers who provide care for the children of migrant workers. Further, through the Foundation’s model training center, the OneSky Early Learning Centre in Da Nang, OneSky provides daily care for 252 children ages 6 months to 6 years.

Mongolia – In 2018, OneSky began training caregivers in state run nurseries and, in 2020, expanded our work to provide family skills training to support young children living in migrant communities through the OneSky Family Centre in Ulaanbaatar, Mongolia.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 exchange rates in effect on reporting dates, and revenue and expenses 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, 2021 and 2020. Translation gains and losses were not material to the consolidated financial statements taken as a whole and are not reflected separately in the consolidated financial statements.

Use of Estimates: The preparation of 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.

Basis of Presentation: The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred.

The financial statement presentation follows the guidance of Financial Accounting Standards Board (the "FASB*") Accounting Standards Codification*™ ("ASC") 958 – 205, *Not-for-Profit Entities – Presentation of Financial Statements* ("ASC 958 – 205"). Under ASC 958 – 205, the Foundation is required to report information regarding its financial position and activities classified as with donor restrictions and without donor restrictions net assets with the change in each of these classes of net assets to be presented in the consolidated statements of activities and changes in net assets.

Net Asset Classification: The Foundation reports two primary classifications of net assets within the consolidated statements of net position:

Net Assets - *without donor restrictions* – Net assets without donor restrictions include those revenues and expenses associated with program and supporting services which do not have externally imposed restrictions on their use.

Net Assets - *with donor restrictions* – Net assets with donor restrictions represent contributions that are limited in use by the Foundation in accordance 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.

Cash and Cash Equivalents: Cash and cash equivalents consist primarily of highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk: The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market funds. Cash balances may exceed the Federal Deposit Insurance Corporation ("FDIC") limits from time to time. At December 31, 2021 and 2020 the Foundation had bank deposits with carrying amounts and balances of $4,695,884 and $3,412,550, respectively, which included deposits with two financial institutions eligible for FDIC insurance coverage. Of the total bank balances, $307,147 and $268,882 were insured at December 31, 2021 and 2020, respectively. Amounts received but not deposited and therefore not insured by the FDIC, totaled $198,387 and $161,644 as of December 31, 2021 and 2020, respectively. The credit risk in pledges receivable is addressed as the Foundation evaluates the collectability of pledges based on knowledge and available information about the donors. Additionally, any pledges that are expected to be collected after one year have been discounted and are reflected in the consolidated financial statements at their net present value.

Pledges Receivable: The Foundation evaluates the collectability of its pledges receivable on an ongoing basis and records a reserve for potential uncollectible pledges receivable. No reserve for uncollectable amounts were considered necessary as of December 31, 2021 and 2020.

Property and Equipment, Net: 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.

Impairment of Long-Lived Assets and For Long-Lived Assets to be Disposed Of: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows, excluding interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognized on an asset-by-asset basis. The impairment is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset (fair value determined by discounted cash flows, market comparison, or replacement cost). Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No assets have been determined to be impaired as of December 31, 2021 and 2020.

Inventory: Inventory consists principally of merchandise sold in the Foundation's on-line store and is stated at the lower of weighted average cost or net realizable value.

Revenue Recognition: Contributions are recognized as revenue when they are received or unconditionally promised as prescribed by ASC 958-605, *Not-for-Profit Entities – Revenue Recognition* ("ASC 958-605"). The Foundation includes gifts of cash and other assets as net assets with donor restrictions, if they are received with donor stipulations which limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported as net assets released from restrictions. Conditional promises to give are not recorded as contributions until the conditions on which they depend have been met.

Contributions with donor restrictions whose restrictions are met in the same reporting period as the period in which contribution is recorded, are reported as contributions with donor restrictions. Net assets associated with these contributions are released from restriction as donor restrictions are met.

The Foundation recognizes revenues from on-line store sales upon the sale of merchandise.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services and Materials: Contributed services and materials are recognized in accordance with the requirements of ASC 958-605. The Foundation received and recorded contributed pro-bono legal services for the years ended December 31, 2021 and 2020, with estimated fair values of $107,643 and $228,148, respectively.

Contributed goods are recorded at their estimated fair value at the date of receipt. Contributed goods totaled $71,060 and $32,403 for the years ended December 31, 2021 and 2020, respectively.

Income Tax Status: The Foundation has been recognized as an organization exempt from tax pursuant to Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation and has been recognized by the California Franchise Tax Board as exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d). Asia Ltd. has been granted tax exempt status by the Hong Kong Inland Revenue Department. UK Ltd. has been granted tax exempt status by UK HM Revenue & Customs. The Foundation is also qualified as a charitable fund ("ANBI"') in the Netherlands for tax purposes.

Generally accepted accounting principles require that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. The Foundation did not have any amounts accrued for interest and penalties as of December 31, 2021 or 2020.

Functional Expense Allocations: The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses are attributable to both program and supporting functions. Accordingly, these expenses have been allocated among program services and supporting services based on a consistently applied and reasonable basis. Expenses which may include allocations include depreciation, which is allocated on a square-footage basis, and salaries and benefits, which are allocated on the basis of estimates of time and effort, as applicable.

Subsequent Events: The Foundation has evaluated subsequent events for recognition and disclosure through May 28, 2022, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – PLEDGES RECEIVABLE, NET

Pledges receivable represent unconditional promises to give by donors and are recorded at net realizable value. Pledges receivables of $265,417 and $182,762 at December 31, 2021 and 2020, respectively, were expected to be collected within one year. There were no long-term pledge receivables at December 31, 2021 and 2020.

The Foundation has received notification of various conditional pledges. These pledges for which the conditions have not yet been met are not included as revenues and are not included in total revenue on the accompanying consolidated statements of activities and changes in net assets for the years ended December 31, 2021 and 2020. There were conditional promises to give of $757,495 and $1,719,625 as of December 31, 2021 and 2020, respectively.

(Continued)

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	2021	2020
Equipment	$ 190,371	$ 164,607
Furniture and fixtures	311,239	302,149
Leasehold improvements	2,359,410	2,332,963
Total	2,861,020	2,799,719
Less: accumulated depreciation	(1,083,667)	(481,556)
Property and equipment, net	$ 1,777,353	$ 2,318,163

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $602,111 and $374,240, respectively. Assets under construction reflect costs incurred to date in the development of the P. C. Lee OneSky Global Centre for Early Childhood Development. The Centre was completed and put into use in May 2020 and costs reclassified as Leasehold Improvements which will be depreciated over the remaining period of the related property rental lease.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021 and 2020.

	2021	2020
China Orphanage	$ 333,683	$ 324,302
China Training	-	9,055
China Village	240,509	973,444
COVID fund	-	10
Global Training	-	299,288
Hong Kong Centre	1,193,224	1,090,365
Mongolia Program	55,831	65,205
Vietnam Program	94,359	26,539
Total net assets with donor restrictions	$ 1,917,606	$ 2,788,208

(Continued)

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 years ended December 31,:

	2021	2020
China Orphanage	$ 399,151	$ 748,396
China Training	664,751	51,058
China Village	783,447	869,717
COVID Fund	10	171,592
Hong Kong Centre	1,539,663	2,334,913
Mongolia Program	254,374	195,443
Global Training	342,502	89,645
Vietnam Program	570,256	569,558
Total net assets released from donor restrictions	$ 4,554,154	$ 5,030,322

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), and both an office facility and the P. C. Lee OneSky Global Centre for Early Childhood Development in Hong Kong. As of December 31, 2021, the operating leases are set to expire at various dates through October 2024. Rent paid under these leases totaled $609,501 and $612,939 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, the Foundation's future minimum lease payments are as follows:

Years Ending December 31,	Amount
2022	$ 568,520
2023	491,973
2024	385,604
	$ 1,446,097

The Foundation also has a non-binding memorandum of understanding (MOU) with the Mongolian Ministry of Education, Culture, Science and Sports. The MOU was effective June 23, 2020 and allows OneSky to use certain government-owned land within the Bayanzurkh District of Ulaanbaatar, Mongolia, at a cost of one U.S. Dollar per year. The agreement currently ends during the year ended December 31, 2026.

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 of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Foundation.

(Continued)

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 make 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 six years of service with the Foundation. Total contributions made to the retirement plans by the Foundation for the years ended December 31, 2021 and 2020 were $44,540 and $51,868, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2021 and 2020, contribution revenue from members of the Board of Directors of OneSky Foundation or companies or individuals with which the Board of Directors are affiliated totaled $2,831,661 and $2,671,950 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 development project with OneSky since 2011. Australia Ltd did not make any contributions to The Foundation during the year ended December 31, 2021. Australia Ltd contributed $58,065 to the Foundation in the year ended December 31, 2020. On March 26, 2020, members determined the voluntary winding down of Australia Ltd. OneSky Foundation (Canada) Inc. (“Canada”), another affiliate of the Foundation was incorporated in Canada in June 2009. OneSky Foundation (Canada) Inc. contributed $209,858 and $202,716 to the Foundation in the years ended December 31, 2021 and 2020, respectively.

NOTE 11 – MAJOR CONTRIBUTORS

The Foundation had four donors whose combined contributions totaled more than 36% and 37% of total contributions for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 – COOPERATION AGREEMENTS

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 cooperative model centers and to develop relevant care 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 Civil Affairs Bureau of Ye County and the Henan Social Welfare Association in order to fund the Village Program at the Ye-County (of the Henan Province). Under this agreement, the Foundation works with 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.

(Continued)

NOTE 12 – COOPERATION AGREEMENTS (Continued)

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.

A number of Memorandum of Understanding (“MOU”) have been signed with Department of Education and Training (DOET) in Da Nang, Quang Nam and Hai Duong in Vietnam since March 2018. With these MOUs signed, the Foundation can provide home-based care training to caregivers in various districts in these provinces in Vietnam.

In June 2020, the Foundation entered into a non-binding Memorandum of Understanding (MOU) with the Government of Bayanzurkh District and The Ministry of Education, Culture, Science and Sports of Mongolia (MECSS). With this MOU, the Foundation launched the Ger Family Center in September 2020 to provide parenting-skills training and a safe play place for local families in the Bayanzurkh district.

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, 2021 and 2020, 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.

(Continued)

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:

	2021	2020
Cash and cash equivalents	$ 4,894,271	$ 3,574,194
Pledges receivable, net	265,417	182,762
Other receivables	4,085	3,056
	$ 5,163,773	$ 3,760,012

The Foundation has $5,163,773 and $3,760,012 of financial assets available within one 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.

NOTE 15 – PAYCHECK PROTECTION PROGRAM

OneSky has borrowed funds through the Paycheck Protection Program (PPP) during the years ended December 31, 2021 and 2020. Under the terms of the PPP, a loan provides for conditional forgiveness if OneSky utilizes the proceeds on allowable expenses, including qualifying payroll, rent, and utility expenses. If the PPP loan is not approved for forgiveness, it will bear interest at a rate of 1% per annum and must be repaid in equal monthly payments over a period of 12 months, commencing one year after the origination of the loan.

During the year ended December 31, 2020, OneSky received a first draw Paycheck Protection Program (PPP) loan totaling $428,200 as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. OneSky evaluated the uses of the loan proceeds in comparison with the requirements of the SBA and determined that all applicable conditions for forgiveness were met. Therefore, OneSky recognized revenue for the full proceeds of the loan as a conditional contribution, in accordance with Accounting Standard Codification (ASC) Subtopic 958-605, during the year ended December 31, 2020. During the year ended December 31, 2021, OneSky received confirmation forgiveness for the first draw loan, from the SBA.

In March 2021, OneSky received a second-draw PPP loan totaling $307,400 through the CARES act under the terms as described above. OneSky evaluated the uses of the loan proceeds in comparison with the requirements of the SBA and determined that all applicable conditions for forgiveness were met. Therefore, OneSky recognized revenue for the full proceeds of the loan as a conditional contribution during the year ended December 31, 2021.

Although management believes the conditions for forgiveness have been met for the second-draw PPP loan, ultimate forgiveness is conditioned upon the SBA concurring with OneSky's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations, and that the loan proceeds were used for allowable expenses. If it is later determined by the SBA that provisions of the Payroll Protection Program were not met, OneSky may be required to repay the PPP loan in its entirety and/or be subject to penalties.