Seeing the potential in every child

OneSky for all children

2021 Annual Report
OneSky teaches communities and caregivers to provide nurturing responsive care and early education to unlock the vast potential hidden in our world’s vulnerable young children.
With quality early care, all children can thrive, no matter the circumstances they are born to.
Dear OneSky Family,

2021 was a year of adapting to “the new normal.”

However, unlike in 2020 when we – along with other organizations globally – were forced to react to rapidly changing realities, in 2021 we were able to not only survive but thrive during the continued global pandemic.

Thanks to our funders, the children, families, and communities we serve in Asia remained supported and cared for. Caregivers were trained and new partnerships forged with both governments and NGOs. We couldn’t be prouder of what OneSky staff was able to accomplish in 2021, despite prolonged lockdowns and other obstacles.

In Vietnam, we made the move to online training as a way of reaching more professional home-based caregivers. In Mongolia, we expanded our family skills training through partnerships with both public schools and local NGOs. And we continued to be awed by the dedication and determination of our staff in China and Hong Kong SAR as they went above and beyond to support vulnerable children in the face of Covid-19.

We are incredibly grateful for the ongoing and unwavering support of OneSky’s generous donors during the past year of global uncertainty. On behalf of the more than 40,000 children we impacted in 2021, thank you.

Sincerely,

Stephen Chipman
Interim Chairman

Morgan Lance
CEO
Successfully Navigating the New Normal

More than two decades ago, OneSky for all children (OneSky) was created to help young, abandoned children living in China’s welfare institutions. Today, OneSky’s reach extends beyond China to include Hong Kong SAR, Mongolia and Vietnam.

In 2021, despite incredibly challenging operating environments, OneSky managed to thrive through the global pandemic by keeping our focus steadfastly on our vision for a better world and always asking: What’s best for the children? Just as we have from day one.

Whether in orphanages, rural villages, factory towns, or urban slums, our goal remains to serve disadvantaged children in Asia. Experience has taught us that this is best achieved by training the adults who care for them in leading-edge practices in early childhood care and education. We have seen, time and again, that with quality early care, children can thrive, no matter the circumstances they are born to.

Despite the many obstacles we faced in 2021, we successfully transitioned our first pilot village program in China to the government, established training partnerships with NGOs in Hong Kong SAR, graduated the first cohort of parents from family skills training in Mongolia, and expanded our home-based childcare training to a fourth province in Vietnam.

And in 2021, OneSky was awarded Innovator of the Year by HundrED, a global platform highlighting innovations in education. This followed our selection as one of the top ten teacher professional development initiatives out of over 400 contenders from 80 countries in The Teachers for a Changing World Spotlight. We couldn’t be prouder.

It wasn’t an easy year but we learned a lot. Our staff remained flexible, adapting programming where necessary, proactively engaging with our communities to ensure the mental and physical wellbeing of the children and their families, and working hand in hand with our partners – governments, NGOs and funders - to ensure precious young lives continued to receive the care they need in their vital early years.
Thanks to our steadfast supporters, since OneSky was founded in 1998, we have successfully impacted the lives of

274,521 children
75,878 caregivers*

Since 1998
69,434
215,285

Since 2017
1,365
27,003

Since 2020
439
1,155

Since 2020
1,471
1,460

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*Cumulative numbers 1998 – 2021. Note that 2021 impact is a snapshot in time counting total numbers of caregivers and children reached during the year.
ONESKY AT WORK IN ASIA

Vietnam

Mongolia

Hong Kong SAR

China

Vietnam
SERVING CHILDREN IN WELFARE INSTITUTIONS AND RURAL VILLAGES

Through our Chinese implementing partner, Chunhui, OneSky trains communities and caregivers in both China’s welfare institutions and in rural villages how to provide responsive, loving care to young vulnerable children. For over two decades, OneSky has been a pioneer in high-quality early childhood care and education, as well as a trusted government partner.

Despite all the constraints to our work in 2021, due to the pandemic, we did our very best to continue our training programs, support new initiatives and ensure the children we serve were well cared for. We trained nannies and foster parents working within China’s welfare institutions and, in rural villages, grandparents and other child caregivers in responsive care and early education.

Also, 2021 brought recognition for our work with prestigious national awards; a tribute to the dedication of our China staff.

2021 was a year of warmth, innovation, partnership, and achievement. Though in a pandemic, the Chunhui team (by working with governments, donors, individuals, and other parties) employed their expertise to protect each child by having a loving adult in their life. Looking towards the future, we are full of hope.

Rachel Xing
CEO, Chunhui Children

In 2021

22,040
CAREGIVERS TRAINED

23,152
CHILDREN IMPACTED
The P. C. Lee OneSky Global Centre for Early Childhood Development in Hong Kong continued to establish itself within the local community as a place for children and families to play and connect in a safe, educational environment.

Although the Centre was closed for a number of months throughout 2021, training of caregivers continued – in person when possible, and online. The first cohort of professional training was launched in June and at year-end, there were eight cohorts of Family Skills Training. We also partnered with several NGOs to provide caregiver training to refugee and ethnic minority families, young mothers, and professional caregivers.

Despite the COVID-19 epidemic and social distancing, we were able to adapt and celebrate festivals and special occasions, including Mid-Autumn, Halloween and Christmas, with the families in OneSky programs. We even had a butterfly-themed graduation ceremony!

PROVIDING FAMILY AND PROFESSIONAL CAREGIVER TRAINING

In 2021

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1,301 CAREGIVERS TRAINED</td>
<td>1,270 CHILDREN IMPACTED</td>
</tr>
</tbody>
</table>

Since the Centre opened in May 2020

- 60+ NGOs HAVE VISITED
- 18 COMMUNITY EVENTS HAVE BEEN HELD

We are grateful for the Hong Kong community’s steadfast determination and resilience in supporting the vulnerable families in Sham Shui Po. Forever adapting to the ‘new normal’, calling for flexibility and creativity in providing the care and needs for both children and their adult caregivers. We continue to establish solid relationships with many local NGOs and hold community events which means so much to local families and staff alike. We are proud of what has been achieved so far and we look forward to an even brighter future ahead for the children.

Susanna Lee
Executive Director of HKOSGC
SUPPORTING YOUNG CHILDREN IN MIGRANT COMMUNITIES

Lockdown has been hard on many of the communities in which OneSky works but none more so than in Ulaanbaatar where the families we serve live in crowded ger (yurt) districts, where children have limited access to quality early childhood care and education.

The OneSky Family Center opened in the summer of 2020 and fast became a refuge for many families in the Bayanzurkh District, but due to ongoing pandemic restrictions, it was closed for six months in 2021. The Mongolia team worked tirelessly to support local families, staying connected virtually, providing data cards to families with limited access to the internet.

Once COVID restrictions eased, we welcomed children and their parents back to our Family Center for training sessions and family activities. And, we were thrilled to begin Family Skills Training at public kindergartens and partner NGO locations as a means of benefitting more children in the community.

The pandemic has meant we have had to adapt to continually changing circumstances but, despite the challenges, we are making positive gains to support local families. During the closures of the Family Center during lockdowns, our team continued to find creative ways to strengthen relationships and build networks. No matter what the future brings, OneSky is here to help.

Gereltuya Tsegmid, Program Director, Mongolia

In 2021

<table>
<thead>
<tr>
<th>Parents Trained</th>
<th>Children Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>391</td>
<td>880</td>
</tr>
</tbody>
</table>

Began discussing with Mongolia’s Ministry of Education and Science on how we can help to expand quality early care and education opportunities for vulnerable children in Ulaanbaatar.
Covid continued to impact our programs in Vietnam through 2021, due to Vietnam’s strict closure of schools across the country. From May, all schools were closed through to year end, and for much of that time, families were subjected to lock down restrictions.

In 2021, against all odds, OneSky initiated three new cohorts of Home-Based Care provider training in our existing three provinces – Da Nang, Quang Nam and Hai Duong – and expanded to a fourth province - Quang Nai. We completed one 11-month training cohort and organized a graduation ceremony for 145 trainees from Quang Nam.

OneBigFamily Vietnam, our online training portal was critical to our ability to continue to train and expand during lockdown. It also provided a community of practice and learning for our caregivers (trainees and graduates) across Vietnam. Never before has technology been so critical to our ability to function.

At our Early Learning Center (ELC) in Da Nang, we serve 252 children aged 6-months to 6 years each day. We managed to graduate 60 young children just prior to schools closing in May. The school closure had an immense impact on the families we support at the ELC. As most of the parents are migrant factory workers, many had to leave their jobs to care for their children or send the children home to be cared for by relatives so that they could continue to work.

OneSky teachers supported all the children through weekly check-ins, online learning activities, and delivery of care packages. They made hundreds of video clips to provide guidance to the children and their parents on how to protect themselves from COVID and how to enhance the children’s early learning and education.

Finally, the ELC provided shelter and food at the ELC to 450 workers and their families during typhoons that struck Da Nang in October and November 2021. We also provided food, medical supplies and masks to 600 families throughout the year.

Through tenacity, courage and deep care for the communities we serve, OneSky overcame many challenges in 2021 to support children, families and caregivers through Covid, natural disasters and school closures. Our trainers and teachers are role models of commitment and I thank them all for helping young children thrive, even in the face of adversity.

Vo Thi Hien
Program Director, Vietnam

Harvard University’s two-year impact evaluation study of OneSky’s Home-Based Childcare (HBC) Training Program in Vietnam was published, showing that OneSky’s program led to positive improvements in childcare quality and early childhood development outcomes in Vietnam.

Conversations with Vietnam’s central Ministry of Education and Training aimed at improving care for the children of factory workers led to an agreement to co-create a pilot program that will impact children across the country.
Her real name is Mo Lihua, but to the many children she has cared for she will always be “Nanny Mo.” One of OneSky’s longest-serving nannies, Mo has spent 20 years working at the same children’s welfare institution in southwest China where she began her career.

Mo first learned about OneSky in 2002 when a friend told her about a role caring for orphaned children at an institution close to her home. Mo applied and was thrilled to be offered the job as a nanny working alongside OneSky-trained caregivers in our Infant Nurture Program.

Unbeknownst to her, this new job which she had taken at age 34 (initially out of financial need) would change the trajectory of her life and the fate of many young children. “Caring for vulnerable children has instilled in me a sense of value and accomplishment,” said Mo, who still lives in the same mountain town on the Yangtze River where she grew up.

Mo’s OneSky training in responsive care has seen her develop a deep interest in early childhood development. Throughout her career, she has continued to expand her knowledge and skills through OneSky’s digital learning platform 1BigFamily. Today, thousands of OneSky-trained caregivers across China share their experiences and learnings online each day ensuring the children receive the highest levels of care.

The importance of having a supportive community was felt very strongly in 2021. Because if the global pandemic has taught us anything, it’s that in times of crisis, community is what sustains us. That’s especially true for young children like Xingxing, who was left outside a welfare institution in China at just one day old, likely because of his leg deformity.

Born with no tibia bone, his prospects of crawling and eventually walking were slim. He was in desperate need of a caring community that would help him heal and reach his potential.

Fortunately, the institution Xingxing was left at had a OneSky program and this sweet baby boy was passed into the capable hands of a loving OneSky-trained nanny. Six months later, he’d had surgery to fix his leg, and was cared for by staff at our China Care Home for medical rehabilitation.

Soon after, he was placed in the OneSky Loving Families Program, where his new foster family showered him with love and attention. His former nanny continued to be a source of support too, cheering him on as he grew in strength and began learning to walk during daily visits to the OneSky Infant Nurture Program.

Already, his future is looking brighter and, thanks to continued wrap-around services, he looks forward to going on to join the OneSky Preschool Program.
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/partners](http://www.onesky.com/partners).

Ardian
Asia Alternatives Management LLC
Barclays Capital Asia Limited
Baring Private Equity Asia Limited
Chen Yang Foo Oi Foundation Ltd
Clifford Chance LLP
Como Foundation
David Weekley Family Foundation
DZ Trading Ltd
East Vision Holdings Limited Shanghai Rep Office
Education International Foundation
Freshfields Bruckhaus Deringer
Generali
Girls Rights Project
Grand Challenges Canada
Half the Sky Canada
Internet Society Foundation
K.S. & Feili Lo Foundation Limited
Lo Ying Shek Chi Wai Foundation
Lorinet Foundation
New Zealand Embassy Fund
OCTAVA Foundation
One Voice Charitable Fund
Somewhere In the World Foundation
SophiaGrace Foundation
Storehouse Foundation
Swire Trust
The Capital Group Companies Charitable Foundation
The D. H. Chen Foundation
The Hawk Rock Foundation
The International Foundation
The Kwok Foundation
The Marstine Family Foundation
The Skoll Foundation
Tides Foundation
Ting Tsung and Wei Fong Chao Foundation
Tony and Kyra Rogers Foundation
Weyerhaeuser Family Foundation, Inc.

**Generali:**

**A Passionate Partnership in Hong Kong**

Established in Italy in 1831, Generali is one of the largest insurance companies in the world. With a presence in over 50 countries, they give back on a global scale through their program The Human Safety Net (THSN), a movement of people helping people, partnering with NGOs, social enterprises and experts worldwide.

OneSky is privileged to be one of the NGOs Generali has chosen to partner with.

According to Josi Chiang, Head of THSN in Hong Kong, the company was drawn to OneSky as a potential partner because of its emphasis on children and caregivers.

“As an Italian company, Generali holds to its roots. We value the importance of families and the time they spend together,” explained Josi, noting that families were at the forefront of their thinking when looking to expand their outreach work through THSN.

“We were looking for a local NGO that assists vulnerable families in Hong Kong with an emphasis on young children. The formative years are when children develop their social, cognitive, and physical skills and that’s the time we can make the most difference,” said Josi.

To this end, THSN has helped to fund OneSky’s Family Centre in Sham Shui Po for children aged 0-6 and their Family Mentors who are essential to providing loving and responsive care to the children. The partnership has supported the development of OneSky’s program at the P. C. Lee OneSky Global Centre for Early Childhood Development (HKOSGC). It has also included ongoing onsite volunteer efforts by local Generali employees.

For Susanna Lee, Executive Director of the HKOSGC, Generali’s passion and energy have been very inspiring. “I am so moved by their commitment and extremely proud of what we have been achieving together,” said Susanna.

Looking ahead, Josi believes the partnership will mean a better future for Hong Kong’s most vulnerable children.

“Hong Kong is a developed city, but at the same time, space is a problem and inequality is huge. One-fifth of the city’s population lives below the poverty line and many are living in cramped homes without any space to grow and play.”

It’s a huge challenge but Generali is keen to play its part in bringing lasting change.

“We believe everyone should have a real chance,” added Josi. “OneSky helps young children by providing space to develop their skills through play and helps guide caregivers to nurture their child with love and care. In doing so they are assisting families as well as our future communities. Hopefully, this can help break the vicious cycle of poverty.”
ONESKY’S BOARD OF DIRECTORS

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Interim Chairman of the Board
CEO
Radius

RANDY C. BELCHER
Executive Vice President
Asia Pacific, Fossil Inc.

DEANNE BEVAN
Former CEO
OneSky Australia

JENNY BOWEN
Secretary of the Board
Founder
OneSky for all children

TIM HUXLEY
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Chairman
Mandarin Shipping Limited

DANA JOHNSON, MD, PHD
Chair of the Board Programs Committee
Professor Department of Pediatrics
University of Minnesota

STELLA LEE
Silicon Valley Private Investor

MELVYN PUN
CEO
Yoma Strategic

GUY RUSSO
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Capital Research International

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Law office of Lisa Norton LLC

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Secretary of the Board
Founder
OneSky for all children

TIM HUXLEY
Chair of the Board Audit Committee
Chairman
Mandarin Shipping Limited

DANA JOHNSON, MD, PHD
Chair of the Board Programs Committee
Professor Department of Pediatrics
University of Minnesota

STELLA LEE
Silicon Valley Private Investor

MELISSA MA
Chair of the Board Development Committee
Co-Founder and Managing Partner
Asia Alternatives

ONESKY has consistently been recognized for exceptional fiscal responsibility and transparency, and been highly evaluated by Charity Navigator, Guidestar, iDonate, and WiseGiving.

INCOME RESOURCES (FY2021)

- INDIVIDUAL DONORS 62%
- PRIVATE FOUNDATIONS 25%
- CORPORATE DONORS 10%
- OTHER (MAINLY PANDEMIC RELIEF) 3%

EXPENSES (FY2021)

- PROGRAM SERVICES 78%
- SUPPORT SERVICES 11%
- FUNDRAISING 11%

OneSky has consistently been recognized for exceptional fiscal responsibility and transparency, and been highly evaluated by Charity Navigator, Guidestar, iDonate, and WiseGiving.
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.

Los Angeles, California
May 28, 2022

Cerone, LSP

INDEPENDENT AUDITOR’S REPORT

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

REPORT ON 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.

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
### CONSOLIDATED STATEMENTS OF ACTIVITIES AND
### CHANGES IN NET ASSETS

**ONESKY FOUNDATION AND SUBSIDIARIES, DECEMBER 31, 2021 AND 2020**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td><strong>Revenues, gains and other support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions (Notes 9, 10 and 11)</td>
<td>$5,188,187</td>
<td>$3,683,552</td>
</tr>
<tr>
<td>Contributed services and materials</td>
<td>178,703</td>
<td>-</td>
</tr>
<tr>
<td>Merchandise sales</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Other income</td>
<td>320,156</td>
<td>$581,838</td>
</tr>
<tr>
<td>Net assets released from restriction (Note 6)</td>
<td>$4,554,154 (4,554,154)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support</strong></td>
<td>$10,241,300 (870,602)</td>
<td>$9,370,698</td>
</tr>
</tbody>
</table>

| **Expenses:**                  |                                           |                                           |
| Program services               |                                           |                                           |
| Donated goods and services     | 27,219                                    | 77,733                                    |
| Other program services         | 6,620,601                                 | 6,791,172                                 |
| **Total program services**     | 6,647,820                                 | 6,868,905                                 |

| **Funding:**                  |                                           |                                           |
| Donated goods and services     | 2,552                                     | 189                                       |
| Other fundraising              | 914,240                                   | 1,115,346                                 |
| **Total fundraising**          | 916,792                                   | 1,115,353                                 |

| **Merchandise costs**          | -                                         | 731                                       |
| Management and general         |                                           |                                           |
| Donated goods and services     | 80,424                                    | 150,415                                   |
| Other management               | 891,615                                   | 992,489                                   |
| **Total management and general** | 972,039                                   | 1,142,904                                 |

| **Total expenses**             | 8,536,651                                 | 9,128,075                                 |

| **Change in net assets**       | $1,704,649 (870,602)                      | $1,847,047 (598,964)                      |

| **Net assets, beginning of year** | $3,088,351                                 | $3,387,172                                 |

| **Net assets, end of year**    | $4,793,000 $1,917,606 $6,710,606           | $3,088,351 $2,788,208 $5,876,559          |

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See accompanying notes to consolidated financial statements.
### CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

**ONESKY FOUNDATION AND SUBSIDIARIES, DECEMBER 31, 2021 AND 2020**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and benefits for non-field staff</td>
<td>$1,669,554</td>
<td>$2,116,064</td>
</tr>
<tr>
<td>Consulting and professional services</td>
<td>3,411</td>
<td>125,441</td>
</tr>
<tr>
<td>Office expenses</td>
<td>38,407</td>
<td>104,755</td>
</tr>
<tr>
<td>Information technology</td>
<td>128,231</td>
<td>42,415</td>
</tr>
<tr>
<td>Occupancy</td>
<td>544,009</td>
<td>608,050</td>
</tr>
<tr>
<td>Travel</td>
<td>2,937</td>
<td>23,183</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>185</td>
<td>4,014</td>
</tr>
<tr>
<td>Depreciation</td>
<td>546,313</td>
<td>374,240</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,957</td>
<td>20,029</td>
</tr>
<tr>
<td>Compensation and benefits for field staff</td>
<td>1,771,971</td>
<td>1,772,958</td>
</tr>
<tr>
<td>Donated goods &amp; services</td>
<td>27,219</td>
<td>228,337</td>
</tr>
<tr>
<td>Subsidies, stipends and tuition</td>
<td>1,304,143</td>
<td>1,612,710</td>
</tr>
<tr>
<td>Center construction, equipment &amp; furnishings</td>
<td>91,320</td>
<td>77,836</td>
</tr>
<tr>
<td>Training programs and materials</td>
<td>493,215</td>
<td>132,575</td>
</tr>
<tr>
<td>Event expense</td>
<td>16,940</td>
<td>15,422</td>
</tr>
<tr>
<td>All other expense</td>
<td>25,948</td>
<td>36,634</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td>$6,647,820</td>
<td>$9,128,075</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
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 began 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.

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 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.
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 uncollectible 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 inventory: Inventory consists principally of merchandise sold in the Foundation’s on-line store and merchandise sold in the Foundation’s on-line store and merchandise sold in the Foundation’s on-line store.

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.
NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$190,371</td>
<td>$164,607</td>
</tr>
<tr>
<td>Furniture &amp; fixtures</td>
<td>311,239</td>
<td>302,149</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,359,410</td>
<td>2,332,963</td>
</tr>
<tr>
<td>Total</td>
<td>2,861,020</td>
<td>2,799,719</td>
</tr>
</tbody>
</table>

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 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 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Orphanage</td>
<td>399,151</td>
<td>748,396</td>
</tr>
<tr>
<td>China Training</td>
<td>664,751</td>
<td>51,058</td>
</tr>
<tr>
<td>China Village</td>
<td>783,447</td>
<td>869,717</td>
</tr>
<tr>
<td>COVID Fund</td>
<td>10</td>
<td>171,592</td>
</tr>
<tr>
<td>Mongolia Centre</td>
<td>1,539,663</td>
<td>2,334,913</td>
</tr>
<tr>
<td>Mongolia Program</td>
<td>254,374</td>
<td>195,443</td>
</tr>
<tr>
<td>Global Training</td>
<td>342,502</td>
<td>89,645</td>
</tr>
<tr>
<td>Vietnam Program</td>
<td>570,256</td>
<td>569,558</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,554,154</strong></td>
<td><strong>$5,030,322</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Orphanage</td>
<td>$333,683</td>
</tr>
<tr>
<td>China Training</td>
<td>9,055</td>
</tr>
<tr>
<td>China Village</td>
<td>240,509</td>
</tr>
<tr>
<td>COVID Fund</td>
<td>-</td>
</tr>
<tr>
<td>Global Training</td>
<td>-</td>
</tr>
<tr>
<td>Mongolia Centre</td>
<td>1,193,224</td>
</tr>
<tr>
<td>Mongolia Program</td>
<td>55,831</td>
</tr>
<tr>
<td>Vietnam Early Program</td>
<td>94,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,917,606</strong></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, People’s 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:

<table>
<thead>
<tr>
<th>Years Ending December 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$568,520</td>
</tr>
<tr>
<td>2023</td>
<td>491,973</td>
</tr>
<tr>
<td>2024</td>
<td>385,604</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,446,097</strong></td>
</tr>
</tbody>
</table>

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 $444,540 and $511,868, 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.

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.
NOTE 13 – COOPERATION AGREEMENTS (Continued)

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.

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>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,894,271</td>
<td>$3,574,194</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>265,417</td>
<td>182,762</td>
</tr>
<tr>
<td>Other receivables</td>
<td>4,085</td>
<td>3,056</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,163,773</strong></td>
<td><strong>$3,760,012</strong></td>
</tr>
</tbody>
</table>

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. The Foundation has a liquidity management policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

NOTE 15 – PAYCHECK PROTECTION PROGRAM (Continued)

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.