ONESKY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

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, 2023 and 2022, 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, 2023 and 2022, 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 29, 2024

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 2,736,921	$ 3,768,993
Pledges receivable, net (Note 3)	155,472	228,286
Other receivables	11,149	3,026
Prepaid program expenses	61,964	86,755
Inventory	8,708	7,617
Property and equipment, net (Note 4)	643,687	1,184,125
Right-of-use asset (Note 5)	470,302	930,414
Deposits	161,662	143,503
Total assets	$ 4,249,865	$ 6,352,719
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 359,323	$ 329,736
Accrued expenses	120,613	134,674
Lease liability (Note 5)	502,009	979,922
Deferred income	218,285	18,680
Total liabilities	1,200,230	1,463,012
Net assets:		
Without donor restrictions	1,401,362	3,447,018
With donor restrictions (Note 6)	1,648,273	1,442,689
Total net assets	3,049,635	4,889,707
Total liabilities and net assets	$ 4,249,865	$ 6,352,719

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2023 and 2022

	2023			2022		
	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 10, 11, and 12)	$ 2,676,843	$ 3,241,738	$ 5,918,581	$ 2,977,843	$ 2,674,780	5,652,623
Grants	-	577,096	577,096	-	-	-
Contributed services and materials	228,739	120,893	349,632	205,934	-	205,934
Merchandise sales and other income	95,741	4,735	100,476	82,324	-	82,324
Net assets released from restriction (Note 7)	3,738,878	(3,738,878)	-	3,149,697	(3,149,697)	-
Total revenues, gains and other support	6,740,201	205,584	6,945,785	6,415,798	(474,917)	5,940,881
Expenses:						
Program services:						
Donated goods and services	192,195	-	192,195	87,973	-	87,973
Other program services	6,486,109	-	6,486,109	5,934,187	-	5,934,187
Total program services	6,678,304	-	6,678,304	6,022,160	-	6,022,160
Fundraising:						
Donated goods and services	2,513	-	2,513	19,531	-	19,531
Other fundraising	1,147,326	-	1,147,326	867,947	-	867,947
Total fundraising	1,149,839	-	1,149,839	887,478	-	887,478
Merchandise costs:	62	-	62	1,440	-	1,440
Management and general (Notes 8 and 9):						
Donated goods and services	102,094	-	102,094	97,710	-	97,710
Other management	855,558	-	855,558	752,992	-	752,992
Total management and general	957,652	-	957,652	850,702	-	850,702
Total expenses	8,785,857	-	8,785,857	7,761,780	-	7,761,780
Change in net assets	(2,045,656)	205,584	(1,840,072)	(1,345,982)	(474,917)	(1,820,899)
Net assets, beginning of year	3,447,018	1,442,689	4,889,707	4,793,000	1,917,606	6,710,606
Net assets, end of year	$ 1,401,362	$ 1,648,273	$ 3,049,635	$ 3,447,018	$ 1,442,689	$ 4,889,707

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows used in operating activities		
Change in net assets	$ (1,840,072)	$ (1,820,899)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	592,126	600,565
Net change in assets and liabilities:		
Pledges receivable, net	72,814	37,131
Other receivables	(8,123)	1,059
Prepaid program expenses	24,791	21,192
Right-of-use asset amortization	460,112	507,498
Inventory	(1,091)	490
Deposits	(18,159)	1,700
Accounts payable	29,587	(19,619)
Deferred income	199,605	18,680
Change in lease liability	(477,913)	(457,990)
Accrued expenses	(14,061)	(7,748)
Net cash used in operating activities	(980,384)	(1,117,941)
Cash flows used in investing activities		
Acquisition of property and equipment	(51,688)	(7,337)
Net change in cash and cash equivalents	(1,032,072)	(1,125,278)
Cash and cash equivalents, beginning of the year	3,768,993	4,894,271
Cash and cash equivalents, end of the year	$ 2,736,921	$ 3,768,993
Supplemental disclosures of cash flow information:		
Contributed services and materials	$ 349,632	$ 205,935
Supplemental noncash disclosures:		
Lease liabilities arising from obtaining right-of-use assets	$ -	$ 1,437,912

See accompanying notes to consolidated financial statements.

ONESKY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023					2022				
	Program Services	Fundraising	Merchandise Cost	Management and General	Total	Program Services	Fundraising	Merchandise Cost	Management and General	Total
Expenses:										
Compensation and benefits	$ 3,734,641	$ 908,267	$ -	$ 582,388	$ 5,225,296	$ 3,211,652	$ 766,753	$ -	$ 492,814	$ 4,471,219
Consulting and professional services	2,759	8,100	-	109,377	120,236	173,405	18,745	-	98,398	290,548
Office expenses	82,484	47,548	-	11,096	141,128	92,781	33,404	-	20,968	147,153
Information technology	41,835	3,585	-	-	45,420	25,055	2,037	-	-	27,092
Occupancy	541,956	7,480	-	62,112	611,548	544,124	16,290	-	69,725	630,139
Travel	84,010	25,308	-	18,759	128,077	43,463	2,344	-	5	45,812
Conferences and meetings	4,033	-	-	-	4,033	4,120	-	-	-	4,120
Depreciation	537,122	1,403	-	53,601	592,126	544,764	1,331	-	54,470	600,565
Insurance	1,558	-	-	18,195	19,753	3,405	-	-	16,558	19,963
Donated goods and services	192,195	2,513	-	102,094	296,802	87,973	19,531	-	97,710	205,214
Subsidies, stipends and supplies	998,137	-	-	-	998,137	985,641	-	-	-	985,641
Center construction, equipment and furnishings	134,511	-	-	-	134,511	162,006	-	-	-	162,006
Training programs and materials	321,186	-	-	-	321,186	143,081	-	-	-	143,081
Event expense	-	117,813	-	-	117,813	-	1,528	-	-	1,528
All other expense	1,877	27,822	62	30	29,791	690	25,515	1,440	54	27,699
Total functional expenses	$ 6,678,304	$ 1,149,839	$ 62	$ 957,652	$ 8,785,857	$ 6,022,160	$ 887,478	$ 1,440	$ 850,702	$ 7,761,780

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, United States. 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 qualified 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.

Hong Kong SAR - Beginning in 2020 OneSky began training both family and professional caregivers in Hong Kong 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 Trainers.

Vietnam - Since 2017, OneSky has trained home-based daycare providers who provide care for the children of migrant workers working in factories. Further, through the Foundation’s model training center, the OneSky Early Learning Center 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 and cooperative playcare groups to support young children living in migrant communities through the OneSky Family Center in Ulaanbaatar, Mongolia. With support from Mongolia’s Ministry of Education and Science, OneSky is fine-tuning and expanding our program to transform the lives of more children across low-resource ger districts.

(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, 2023 and 2022. 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, 2023 and 2022 the Foundation had bank deposits with carrying amounts of $2,578,852 and $3,265,816, respectively, which included deposits with two financial institutions eligible for FDIC insurance coverage. Of the total bank balances, $500,000 and $288,827 were insured at December 31, 2023 and 2022, respectively. Amounts received but not deposited and therefore not insured by the FDIC, totaled $158,069 and $503,177 at December 31, 2023 and 2022, 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, 2023 and 2022.

Property and Equipment, Net: Acquisitions of property and equipment, including leasehold improvements, 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 for property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Leasehold improvements are depreciated on a straight-line basis over the lesser of the related lease term or the useful lives of the related improvements.

Right of Use Asset and Leases: Right of use asset represents the Foundation’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Foundation’s obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the incremental borrowing rate for a period comparable to the lease term at the date of lease commencement. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain that the Institute will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by the accounting guidance, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying statement of financial position.

The Foundation’s lease agreements do not contain material restricted covenants. The Foundation is required to make monthly rent payments based on the lease agreements.

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, 2023 and 2022.

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.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 receives funding under grants from the U.S. Government, which incur certain reimbursable program costs. This funding is subject to contractual conditions, which must be met through incurring qualifying expenses for the related program agreements. Accordingly, such grants are recorded as with donor restrictions income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Conditional grants received in advance of incurring the related expenses is recorded as deferred revenue. Such advances remain as a liability until such time as the qualifying direct or indirect expenses have been incurred.

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, 2023 and 2022, with estimated fair values of $194,289 and $205,215, respectively.

Contributed goods are recorded at their estimated fair value at the date of receipt. Contributed goods totaled $155,343 and $720 for the years ended December 31, 2023 and 2022, 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, 2023 or 2022.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 29, 2024, 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 $155,472 and $228,286 at December 31, 2023 and 2022, respectively, were expected to be collected within one year. There were no long-term pledge receivables at December 31, 2023 and 2022.

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, 2023 and 2022. There were conditional promises to give of $4,305,047 and $1,034,539 as of December 31, 2023 and 2022, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	2023	2022
Equipment	$ 235,524	$ 191,395
Furniture and fixtures	301,622	299,893
Leasehold improvements	2,362,615	2,359,410
Total	2,899,761	2,850,698
Less: accumulated depreciation	(2,256,074)	(1,666,573)
Property and equipment, net	$ 643,687	$ 1,184,125

Total depreciation expense for the years ended December 31, 2023 and 2022 amounted to $592,126 and $600,565, respectively.

(Continued)

NOTE 5 – LEASES

Lessee arrangements: The Foundation has agreements for the use of office facilities in the United States, an office facility in Beijing, Peoples Republic of China (PRC), and the P. C. Lee OneSky Global Centre for Early Childhood Development in Hong Kong (HK Centre). As of December 31, 2023, the operating leases are set to expire at various dates through August 2026. However, only the HK Centre, Mongolia and US office facilities include an original lease term of more than 12 months, thus resulting in a lease liability and corresponding right-of-use asset.

The discount rate used in determining the lease liability was based upon the Foundation's incremental borrowing rates as of the date of the commencement or renewal for the lease. The Foundation applied incremental borrowing rates of 9.02% and 4.57% in determining the present value of lease liability for the HK Centre, Mongolia, and US office facilities, respectively.

Lease Obligations: Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2023 are as follows:

Year Ending December 31:	Amount
2024	$ 497,469
2025	15,255
2026	10,338
Less: Interest	(21,053)
Total lease payments	$ 502,009

Lease Expense: Total rent expense associated with leases totaled $574,695 and $594,719, for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2023 and 2022.

	2023	2022
China Program	$ 582,149	$ 327,151
Hong Kong Centre	704,712	938,824
Mongolia Program	56,000	25,000
Vietnam Program	305,412	151,714
Total net assets with donor restrictions	$ 1,648,273	$ 1,442,689

(Continued)

NOTE 7 – 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:

	2023	2022
China Program	$ 564,794	$ 843,129
Hong Kong Centre	1,722,761	1,411,792
Mongolia Program	676,797	355,831
Vietnam Program	774,526	538,945
Total net assets released from donor restrictions	$ 3,738,878	$ 3,149,697

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Commitments: In Mongolia, the Foundation has a non-binding memorandum of understanding (MOU) with the Ministry of Education, Culture, Science and Sports (MECSS), allowing OneSky to implement proposed charitable activities, effective June 18, 2020. With assistance from the MECSS, the Foundation also entered into a subsequent non-binding MOU with the Government of the Bayanzurkh District, effective June 23, 2020, allowing OneSky to use certain government-owned land at a cost of one U.S. Dollar per year.

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.

The Foundation receives assistance from the United States Government; and such awards are subject to audit under the provisions of Uniform Guidance. The ultimate determination of amounts received under United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government. There exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material contingent liability exists at December 31, 2023.

NOTE 9 – 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, 2023 and 2022 were $46,662 and $42,860, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2023 and 2022, 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 $2,359,470 and $2,746,491, respectively.

(Continued)

NOTE 11 – AFFILIATED ENTITIES

OneSky Foundation (Canada) Inc. ("Canada"), another affiliate of the Foundation, was incorporated in Canada in June 2009. OneSky Foundation (Canada) Inc. contributed $146,758 and $52,510 to the Foundation in the years ended December 31, 2023 and 2022, respectively.

NOTE 12 – MAJOR CONTRIBUTORS

The Foundation had four donors whose combined contributions totaled more than 25% and 31% of total contributions for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 – 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 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.

In December 2023, the Foundation entered into a memorandum of understanding with the Vietnam government's Ministry of Education and Training (MOET) for a project to "Improve the quality of early childcare and education of preschool children in certain industrial Parks". Under this agreement, the Foundation will work with the MOET to train both provincial master trainers and Training of Government Trainers (ToGT). In addition, the Foundation will improve professional capacity of teachers and childcare providers at the Independent Childcare Centers (ICCs).

(Continued)

NOTE 14 – 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, 2023 and 2022, 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 15 - 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:

	2023	2022
Cash and cash equivalents	$ 2,736,921	$ 3,768,993
Pledges receivable, net	155,472	228,286
Other receivables	11,149	3,026
	$ 2,903,542	$ 4,000,305

The Foundation has $2,903,542 and $4,000,305 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.