

UNITED WORLD SCHOOLS USA, INC.

REVIEWED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020



UNITED WORLD SCHOOLS USA, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
United World Schools USA, Inc.
Washington, D.C.

We have reviewed the accompanying financial statements of United World Schools USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland
August 15, 2022

UNITED WORLD SCHOOLS USA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 100,332	\$ 123,414
Deposits	2,130	-
	<u>\$ 102,462</u>	<u>\$ 123,414</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 8,100	\$ 17,669
Grant payable	52,500	-
	<u>60,600</u>	<u>17,669</u>
NET ASSETS		
Net assets without donor restrictions	<u>41,862</u>	<u>105,745</u>
	<u>\$ 102,462</u>	<u>\$ 123,414</u>

UNITED WORLD SCHOOLS USA, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Support		
Contributions	\$ 159,268	\$ 125,017
Expenses		
Program activities	159,676	-
Management and general expenses	29,659	19,272
Fundraising and events	33,816	-
	<u>223,151</u>	<u>19,272</u>
Change in Net Assets	(63,883)	105,745
Net Assets, Beginning	<u>105,745</u>	<u>-</u>
Net Assets, Ending	<u><u>\$ 41,862</u></u>	<u><u>\$ 105,745</u></u>

UNITED WORLD SCHOOLS USA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2021 and 2020

	2021			
	Programs	Management and General	Fundraising	Total
Advertising and marketing	\$ -	\$ 2,675	\$ -	\$ 2,675
Bank fees	-	947	-	947
Filing and legal fees	-	15	-	15
Fundraising and events	-	-	2,491	2,491
Grants to schools	52,500	-	-	52,500
Office expenses	-	1,171	-	1,171
Payroll and related expenses	78,818	7,106	17,599	103,523
Professional services	22,250	16,476	10,724	49,450
Rent	2,544	1,170	1,966	5,680
Travel and entertainment	3,564	99	1,036	4,699
	<u>\$ 159,676</u>	<u>\$ 29,659</u>	<u>\$ 33,816</u>	<u>\$ 223,151</u>

UNITED WORLD SCHOOLS USA, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from contributions	\$ 159,268	\$ 125,017
Cash payments for operating expenses and deposits	<u>(182,350)</u>	<u>(1,603)</u>
Net cash provided (used) by operating activities and Net Increase (Decrease) in Cash	(23,082)	123,414
Cash, Beginning	<u>123,414</u>	<u>-</u>
Cash, Ending	<u>\$ 100,332</u>	<u>\$ 123,414</u>
 Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ (63,883)	\$ 105,745
Reconciliation adjustments:		
Increase in deposits	(2,130)	-
Increase in grant payable	52,500	-
Increase (decrease) in accounts payable	<u>(9,569)</u>	<u>17,669</u>
Net cash provided (used) by operating activities	<u>\$ (23,082)</u>	<u>\$ 123,414</u>

UNITED WORLD SCHOOLS USA, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAM DESCRIPTION

Organization

United World Schools USA, Inc. (UWS-USA) was incorporated under the laws of the State of Delaware in December 2019 to operate as a nonprofit corporation. The mission of UWS-USA is to improve, through education, life opportunities for some of the world's poorest children living in remote and marginalized communities. The vision of the UWS-USA is a world in which all children have the chance to go to school.

UWS-USA was initially funded by a collection of USA-based private donors committed to the idea that every child deserves a chance to go to school. In forming a strategic alliance with United World Schools UK (UWS-UK), a nongovernmental organization (NGO) headquartered in London, the two organizations began mobilizing the strongest assets of the USA and UK to engage each nation's philanthropic, policy, and media networks to accelerate the innovative model of education developed over UWS' 14 years of global operations.

UWS-USA is a fully independent organization and is governed by an independent national Board of Directors. No seed funding or startup capital has been given by UWS-UK or any UWS affiliate. The Chairman of UWS-USA's Board of Directors holds an ex-officio seat on UWS-UK's Board of Trustees, and the CEO of UWS-UK holds an ex-officio seat on UWS-USA's Board of Directors. The Chief Executives of both the US and UK entities coordinate closely on global strategy; however, all funding and program decisions are made between UWS-USA's Board, executive team, and the beneficiary countries directly.

UWS-USA's Board of Directors is comprised of national leaders, including the following: Chief Executive Officers and Corporate Board Directors of Fortune 500 companies, globally-renowned journalists, leaders in communication, film and storytelling, philanthropists, experts in the USA on international finance and compliance, and national and international education experts.

Funds are raised in the United States through contributions and donations from individuals, corporations, foundations, and governments. UWS-USA's service-learning programs work within K-12 schools across the USA to empower children with global citizenship skills and empathy for causes beyond their own experiences. In addition to learning about children in UWS' overseas schools, students in schools in the USA raise funds for UWS schools, which will go towards directly impacting the lives of their peers in less advantaged communities around the world.

Program Services

Since 2008, UWS has provided classrooms for 48,000 children in rural global communities who would not otherwise have a chance to attend school. In 2020, UWS opened a US-based operations hub to pursue and manage new opportunities for growth and funding. The UK-based headquarters (UWS-UK) has an annual budget of approximately \$3.5m (USD) and undergoes annual audits, which are available at www.unitedworldschools.org. On average, more than 85 cents of every dollar goes directly to in-country program implementation.

UNITED WORLD SCHOOLS USA
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAM DESCRIPTION

Program Services (Continued)

UWS has the track record, blueprint, and conviction to irradicate illiteracy in the world with the support from donors and ad partners.

With a pioneering model that builds primary-education schools for less than \$35,000, UWS has grown to more than 280 schools across Myanmar, Nepal, Madagascar, and Cambodia. At an average annual operating budget under \$10,000 per school, the UWS scale has grown steadily while maintaining quality that exceeds national standards in performance, gender equity, attendance, and graduation. By focusing on local capacity building within each intervention country, UWS hires and trains all-local teachers and monitoring teams while reducing foreign costs and improving job opportunities and skills for adults within the UWS' communities.

In recent years, UWS has been recognized as a pioneer in international education. In 2019, UWS received the WISE Award from the Qatar Foundation for contributions to global education. Additional awards were received in 2020 for the UNESCO King Sejong Literacy Prize for work improving literacy rates in Myanmar and in 2021 for the Moni Sarapoin Mohaserey Wat Award from his Majesty of Cambodia for overall performance. UWS has been selected by the UK Government as one of its top international charities through the UK AidMatch program. In 2021 and 2022, the UK government matched each pound raised by UK citizens on behalf of United World Schools.

Since opening operations in 2020, the US operation of UWS, UWS-USA, has built a national Board of recognized leaders in business, philanthropy, management, media, and compliance. The US-based staff are focused on expanding the UWS network of global schools through American donor support, influencing policy makers and partner organizations with lessons-learned across the UWS school-system, and raising awareness on the world stage for the millions of children who will never see the inside of a classroom.

The UWS-USA Service Learning and School Partnerships Program is a service-learning model for US-based schools designed to channel students' passions and energies in the service of helping others. UWS-USA supports US-based K-12 schools with learning materials that include grade-appropriate lesson plans; reading, research and video materials; and fundraising and marketing toolkits to help drive community support for twinned UWS schools overseas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

UNITED WORLD SCHOOLS USA
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of UWS-USA and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors or management for general operating purposes. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. UWS-USA reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. As of December 31, 2021, there were no net assets with donor restrictions.

Revenue Recognition

Contributions received, including unconditional promises to give, are recognized in the period they are received or pledged. Contributions received are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenue without donor restrictions.

Conditional promises to give, with a measurable barrier and a right of return, are not recognized until the conditions on which they depend are substantially met. Conditional contributions are recorded as contribution revenue when the conditions have been substantially met or explicitly waived by the donor. Conditional contributions that are restricted by the donor are reported as refundable advance until all conditions are substantially met to remove the restriction.

Advertising Costs

Advertising and marketing costs are expensed as incurred and totaled \$2,675 and \$0 for the years ended December 31, 2021 and 2020, respectively.

UNITED WORLD SCHOOLS USA
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Payable and Expenses

On December 15, 2021, UWS-USA approved two grants for UWS-Cambodia of \$27,500 and UWS-Nepal of \$25,000 for 2022 operating costs and marketing, fundraising, and capital development needs. These grants are due within one year or when paid within the 2022 calendar year, and are included as grants payable in the financial statements totaling \$52,500 as of December 31, 2021. There were no grants payable as of December 31, 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs.

General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of UWS-USA. Accordingly, certain overhead expenses have been allocated based on the time and effort spent by UWS-USA's personnel in such functions, such as depreciation and amortization, office expense, professional development and technology. UWS-USA allocates all expenses into three classes: program, management and general, and fundraising.

Tax Status

UWS-USA is recognized by the Internal Revenue Service as a qualifying charity under Section 501(c)(3) of the Internal Revenue Code and is classified as an exempt organization that is not a private foundation. UWS-USA is exempt from the payment of federal income taxes, except on net income derived from unrelated business activities. For the years ended December 31, 2021 and 2020, UWS-USA did not have any unrelated business activities.

UWS-USA does not believe its financial statements include any uncertain tax provisions, and has no unrecognized tax benefits or liabilities that need to be recorded for the years ended December 31, 2021 and 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

UNITED WORLD SCHOOLS USA
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE 3 - REVENUE CONCENTRATIONS

UWS-USA received 85% of its support from three donors in 2021, and 61% of its support from one donor in 2020. UWS-USA is subject to operational risks should UWS-USA experience a decline in contributions from major donors.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

UWS-USA's financial assets that are available for general expenditures within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 100,332</u>	<u>\$ 123,414</u>

UWS-USA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 5 - COVID-19 FINANCIAL STATEMENT IMPACT

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on UWS-USA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on UWS-USA's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact UWS-USA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 6 - SUBSEQUENT EVENTS

UWS-USA has evaluated subsequent events for potential required disclosure through August 15, 2022, which is the date the financial statements were available to be issued.