



EDUCATION WITHOUT BARRIERS

Financial Statements

December 31, 2018



Education Without Barriers

Statement of Financial Position

December 31, 2017 and 2018

Assets	2018	2017
Program-related: fixed assets		
In-kind donations	\$ -	\$ -
Fixed assets	2,076	838
	-	-
Cash and cash Equivalents	116	1,283
Pledged receivables	1,809	-
Receivables from RCA	6,442	1,784
Total assets	10,443	3,905
Liabilities and Net Assets		
Accounts payable	-	-
Director's loan	-	-
Director's loan for Jeju Island	6,613	1,784
Total liabilities	6,613	1,784
Net assets - restricted	1,883	-
Net assets - unrestricted	2,061	2,072
Foreign exchange gains and losses	(114)	49
Total liabilities and net assets	\$ 10,443	\$ 3,905

Education Without Barriers

Consolidated Statements of Activities

Years Ended December 31, 2017 and 2018

	2018	2017
Change in net assets:		
<i>Revenues and gains:</i>		
Restricted	\$ 1,883	\$ -
Cash contribution	4,980	4,220
Charity sales	19	-
Donation-in-kind	604	-
Others (interest)	0	-
Total revenues and gains	\$ 7,487	\$ 4,220
 <i>Expenses:</i>		
Program expenses:		
Medical care and examination	111	168
Transportation	551	21
Food and accomodation	249	-
Internet and website	390	26
Teaching aid Devices	161	41
Postage, printing and stationery	76	293
Repairs and maintenance	76	44
Books and gifts to kids	796	121
Depreciation	574	134
Impairment	54	-
Fundraising Expenses:	-	-
Management and general expenses:		
Publicity/marketing	1,236	852
Transportation	-	-
Food and accommodation	-	-
Registration fee	318	266
Internet and website	468	201
Reward for volunteers	261	-
Postage, printing and stationery	37	20
Bank charge	78	-
Depreciation	-	-
Bad debt	178	-
Total expenses	5,614	2,188
 Change in net assets	1,873	2,033
Unrestricted net assets, beginning of the year	2,071	39
Unrestricted net aseets, end of the year	3,945	2,071
Other Comprehensive income		
Currency exchange Translation Gain	(\$163)	\$51

Education Without Barriers

Consolidated Statement of Cash Flows

Years Ended December 31, 2017 and 2018

	2018	2017
Cash Flow from Operating Activities:		
Cash received without donor restriction	\$ 4,801	\$ 4,323
Cash received with donor restriction	-	-
Cash Received from RCA	-	-
Cash paid		
-For Program	(1,995)	(732)
-For Management	(2,042)	(1,372)
Cash paid on behalf of RCA	(4,904)	(1,784)
Interest Paid	-	-
Interest and Dividends Received	0	-
Net Cash from Operating Activities	(4,140)	435
Cash Flow from Investing Activities:		
Purchase of Investments	-	-
Fixed Asset Purchases	(1,876)	(975)
Proceeds from sales and maturities of investments	-	-
Net Cash used for Investing Activities	(1,876)	(975)
Cash Flow from Financing Activities:		
Borrow from Directors	4,904	1,784
Net Cash from Financing Activities	4,904	1,784
Net increase in Cash:	(1,112)	1,244
Beginning cash balance:	1,229	39
Ending Cash Balance	\$ 116	\$ 1,283

Reconciliation of change in net assets to net cash provided by operating activities

	2018	2017
Change in Net Assets Adjustments	\$ 1,799	\$ 2,082
Depreciation Expense	551	137
Impairment Cost	52	-
Bad debt	171	-
Increase in Account Receivable	(1,809)	-
Increase in Receivable from RCA	(4,904)	(1,784)
Decrease in Accounts Payable	-	-
Net Cash Provided by Operations	<u>\$ (4,140)</u>	<u>\$ 435</u>

Education Without Barriers

Notes to Consolidated Financial Statements

December 31, 2017 and 2018

1. Organization and Tax Status

Founded by a group of college students in the U.S. in November 2016, Education Without Barriers (EWB), a registered 501(c)(3) tax-exempt non-profit, has delivered over 20,000 hours of free, online, real-time courses and mentorship to underprivileged kids worldwide. All EWB courses are individually designed and executed to target each student's needs, which are communicated by orphanages and schools to the over 250 volunteers EWB has recruited from colleges around the globe. Meanwhile, we also fundraise to purchase and deliver essential technologies for students to actively engage in the online courses.

EWB is an end-to-end online tutoring and mentorship platform aiming to empower and improve access to education for underprivileged children across the world, starting with orphans in China. At EWB, we believe that education is the most powerful, empowering, and enabling of human rights for an individual, and is the best gift one can provide to children. Education Without Barriers aims to tackle the problem of unequal access to educational resources. Education Without Barriers aims to bridge the gap of education inaccessibility and provide the best education to the orphans via internet, while also enhancing the leadership skills, academic achievements, communication abilities and sense of responsibility in both the orphans and our volunteers. We strive to preserve the educational standard and academic capability of the top universities in the world, to bring the best out of the both ends of the education, and to provide online tutoring sessions to orphans beyond the physical location and time zone barriers.

We have 3 teaching models: 1 on 1 mentorship, 1 on 1 tutoring (in the evening, China time), and Liberal arts lectures

- 1) Every child has a mentor who Zooms with him/her once a week. The mentor reviews all feedback that the various teachers provide for the child, and helps with academic and emotional well-being. The teachers are often the first to know if the child is suffering with any trauma.
- 2) We are investigating discussion groups to help teacher volunteers share common issues faced, share curriculum knowledge and teaching strategies, as well as engage in the broader teacher community.
- 3) Volunteer teachers and/or mentors located anywhere across the world organize virtual lessons in English and Chinese to provide basic education as well as life-skills to the students. Both engage in multicultural dialogue to broaden their respective perspectives.

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

(a) Basis of Financial Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Additionally, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

(b) Use of Estimates

The preparation of the financial statements in accordance with U.S. GAAP 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 period. Accordingly, actual results could differ from estimates. Income and expense item are translated into U.S. Dollar at the average rate of exchange for the year.

Any gains or losses from retranslation due to a change in exchange rates subsequent to the date of the transaction are recognized in the SOFA. Exchange gain or loss arising on translation of the opening net assets and results of overseas operation are recognized in other comprehensive income of SOFA and credited to foreign exchange reserve under Equity. This reserve will be maintained until the foreign operation is disposed.

(c) Foreign Currency Policy

Due to the main activities of EWB carried out in China by now, the functional currency of EWB is Chinese Yuan-RENMINBI (RMB). At each reporting date, monetary assets and liabilities denominated in Chinese Yuan in the financial statements are translated into U.S. Dollar at the closing rate at the reporting date (the average exchange rate of Dec. each year).

(d) Incoming Resources

EWB's Incoming resources or revenue include cash donations, in-kind donations, funds from fundraising activities and charity sales, etc. All the contributions are classified into restricted and unrestricted when recognized.

Cash donation is recognized when EWB has an entitlement to the fund. Any fund, which has been declared but not received, by default, is time restricted. When the collection has been made, the time restriction on the pledge receivable is released.

In-kind Donation is recognized when received at their Fair Market Value to EWB or the cost to the donor.

EWB sometimes may be initially as intermediary between the donor and the beneficiary:

If EWB does not have discretion over who receives the donation, then initially be recorded as an asset and a liability when received until passed on to the beneficiary, and record a contribution and program services expense

If a donor stipulates the final recipient of the contribution, then EWB does not have variance power and typically would not recognize the contribution as revenue.

(e) Net Asset Presentation

According to GAAP, EWB report net asset into two classes in a statement of financial position:

- Net assets without donor restrictions
- Net assets with donor restrictions

Under the net asset with donor restrictions category, EWB may present the following as separate line items in the notes: net assets perpetual in nature, purpose restricted and/or time restricted net assets,

For the net asset without donor restrictions category, Net assets available for use in general operations. EWB may wish to list out any board-designated net assets.

(f) Fixed Assets

EWB capitalizes all fixed assets ("equipment") with an acquisition cost of RMB 300.00 or more and a useful life of more than one year.

Depreciation is provided on all tangible fixed assets, other than freehold land. It is provided at rate calculated to write off the cost less the estimated residual value of the fixed asset on a straight-line basis over its estimated useful lives as follows:

Types of Fixed Assets	Current Estimated Useful Life
Freehold Buildings	50 years
Leasehold Buildings	Periods of Lease
Plant & Machinery (Including Motor Vehicles)	3-8 years
Computer (Include iPad over ¥300)	4 years

Fixed assets on the statement of Financial Position are stated at original costs, net of depreciation and any provision for impairment.

If the carrying amount exceeds the recoverable amount, an impairment expense amounting to the difference is recognized in the period as expenses. If the carrying amount is less than the recoverable amount no impairment is recognized. EWB carry out impairment test annually.

(g) Donated Services

Volunteers contributed significant amounts of time to EWB's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

(h) Bargain Purchase

EWB may receive significant discounts on purchases they make. Some of these transactions may be free of charge, may be partly an exchange transaction and partly a contribution, which could be a bargain purchase.

Bargain purchases result in an inherent contribution, which is a voluntary transfer of assets in exchange for no consideration, or less consideration than the value received.

It, in excess of any amounts paid, should be measured at fair value and the entire contribution should be recorded as revenue in the period the contribution is received or pledged.

A common consideration when estimating the fair value of the contributed use is whether EWB would otherwise be willing to pay the market price for the same asset if its use was not contributed.

(i) Bad Debt

Bad debt expense is the amount of an account receivable that is considered to not be collectible. EWB recognize bad debt by Allowance Method if the receivables have not been collected for over 1 year and there are certain evidences that the receivables could not be collected in the future

At the end of each year, EWB runs an aging receivables analysis to estimate the uncollected receivables. The bad debt expense calculation under the allowance method is determined by applying 10% of accounts receivables which are estimated could not to be collected in the future

(j) Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is February 28, 2019.

3. Notes

(a) Fixed Assets

EWB's fixed assets are wholly used for online education to the kids at the moment. It consists of the following at December 31:

	2018	2017
Computers	\$ 1,297	\$ 975
Tablets	1,100	-
Projector	283	-
Total	2,679	975
Less depreciation for this year	(551)	(137)
Less Impairment for this year	(52)	-
Fixed Asset, Net	\$ 2,076	\$ 838

During this year, one of the ipads was scrapped at the end of the year, and the carrying value was \$51.85. The residual value of the ipad was nil, therefore, an impairment expense \$51.85 was recognised in this period.

(b) Cash and Cash Equivalent

Cash consist of Chinese Yuan (RMB) and U.S. Dollar (\$). EWB's cash includes its main bank account: Bank of American-Checking Account, Bank of American-Saving Account and PayPal Account. None of them are held for restricted by donors or held for time-limited purposes, and they are recorded under the cash and cash equivalents. Receivables are excluded from cash.

(c) Pledged Receivable

As of December 31, 2018, receivables were made up of the following amounts:

Accounts	Donations expected to receive in 2019	Sources
PAYPAL	\$ 702.87	Facebook Fundraising remitted to EWB every month
BOA	\$ 1,180.59	Facebook Fundraising & Individual Donor
Total: \$ 1,883.46		

(d) Receivables from RCA

RCA Homestay Inc. (hereinafter referred to as "RCA") is a non-profit organization dedicated to providing education for international children who are orphaned or unemancipated, living without support, giving them hope for the future.

EWB and RCA have been working together to help two orphans in China pursue further education in U.S. to overcome the hostile environment around them. Agreed in the financial support contracts (govern by Chinese law and China's courts) between RCA and the two children, respectively (their guardians signed on behalf of them), RCA shall assume all expenses related to their studying and living abroad, within a maximum amount of 20,000 USD each child. Although there is no written contract between EWB and RCA, EWB actually assumes responsibility for assisting RCA. Therefore, EWB advanced all the expenses including fees for the passports' application and Jeju Island trip. Due to some disputes between EWB and RCA, we were not able to collect the advanced payment in 2018, but we will continue to work with RCA and try to get the receivables back in 2019.

(e) Director's Loan

Due to the lack of cash, our co-founder Dandan Li lent \$6,612.54 to EWB over the past two years. The money was primarily used in Jeju Island trip. As part of the agreement, EWB will pay the principle back to Dandan once we received the receivables from RCA.

(f) Net Assets restricted

As of December 31, 2018, EWB had \$1883.46 restricted contributions as EWB have not received the funds yet (time restricted). All the restricted contributions will be released to unrestricted contributions once we received the money in our account.

(g) Revenues and Gains

It consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Change in net assets:		
<i>Revenues and gains:</i>		
Restricted	\$ 1,883	\$ -
Cash contribution	4,980	4,220
Charity Sales	19	-
Donation-in-kind	604	-
Contribution of Use of web services	-	-
Others (interest)	0	-
Total revenues and gains	<u>\$ 7,487</u>	<u>\$ 4,220</u>

EWB also received some books from one donor, but those books were not included in the contributions, as the donor stipulates the final recipient of the contribution. EWB does not bear the risk and rewards of the ownership of the donated books and typically would not recognize the contribution as our revenue.

Computers donated from Yupu Lu Studio in 2017 were not included in the contributions, since those computers were not capable of operation since the date of the donation.

Donation-in-kind includes one Beat headphone (market value \$349.03) donated by our co-founder Dandan Li in April 2018 and one-year in-kind web services from Zoom. The value of the services was \$259.96 in 2018 (based on the pricing rate \$64.99 per month).

(h) Management and General Expenses

By \$ value, management expenses currently represent a relatively large percentage of the total expenses compared to other non-profit organization. Since EWB generates most donations from U.S. and many board members are working remotely from North America and Europe. As a result, program related expenses (RMB) account for a relatively smaller percentage.

(i) Publicity/Marketing

Publicity/marketing costs are expensed as incurred: approximated \$1,236.37 for the year ended December 31, 2018, and \$852.44 at December 31, 2017.

Most expenses were incurred originally in U.S. Dollars, as EWB co-founder or directors attended events, which were held in USA, to promote EWB, gain the public awareness for EWB and raise the fund if possible. It mainly consists of transportation cost, accommodation cost and posters fees for attending events

(j) Related Party

EWB is partnering with ClassIn, one of the first online classrooms released in 2015, to build our own online teaching platform. Additionally, ClassIn offers a discount program for EWB children to use their online resources. Currently, our children haven't used the platform yet.