

**B2TheWorld, Inc.**

**Compiled Financial Statements**

**For the Year Ended May 31, 2020**

**(With Independent Accountant's Compilation Report Thereon)**

Table of Contents

Independent Accountant’s Compilation Report.....1

Financial Statements

Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis.....2

Statement of Revenue, Expenditures, and Changes in Net Assets – Modified Cash  
Basis.....3

Statement of Functional Expenses – Modified Cash Basis.....4

Notes to the Financial Statements.....5-9

Independent Accountant's Compilation Report

To the Board of Directors  
B2TheWorld  
Merrifield, Virginia

Management is responsible for the accompanying financial statements of B2TheWorld (the "Organization") (a corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of May 31, 2020, and the related statement of revenue, expenditures and changes in net assets – modified cash basis, statement of functional expenses – modified cash basis, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

*Tighe Kress & Orr, PC*

Elgin, Illinois  
October 14, 2020

**B2TheWorld, Inc.**  
**Statement of Assets, Liabilities, and Net Assets**  
**- Modified Cash Basis**  
**May 31, 2020**

**Assets**

Assets:		
Cash		\$ <u>125,727</u>
Total Assets		\$ <u><u>125,727</u></u>

**Liabilities and Net Assets**

Liabilities:		
Credit card payable		\$ <u>5,332</u>
Total Liabilities		<u>5,332</u>
Net Assets:		
Without donor restrictions		44,717
With donor restrictions		<u>75,678</u>
Total Net Assets		<u><u>120,395</u></u>
Total Liabilities and Net Assets		\$ <u><u>125,727</u></u>

See accountant's compilation report.

**B2TheWorld, Inc.**

**Statement of Revenue, Expenditures, and Changes in Net Assets - Modified Cash Basis  
For the Year Ended May 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 94,035	\$ 510,172	\$ 604,207
Net assets released from restrictions	468,887	(468,887)	-
Total Revenue	<u>562,922</u>	<u>41,285</u>	<u>604,207</u>
Expenses:			
Program expenses	420,964	-	420,964
Management and general	66,071	-	66,071
Fundraising expenses	43,154	-	43,154
Total Expenses	<u>530,189</u>	<u>-</u>	<u>530,189</u>
Change in Net Assets	32,733	41,285	74,018
Net Assets, Beginning of Year	11,984	34,393	46,377
Net Assets, End of Year	<u>\$ 44,717</u>	<u>\$ 75,678</u>	<u>\$ 120,395</u>

See accountant's compilation report.

**B2TheWorld, Inc.**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended May 31, 2020**

	<u>Program</u> <u>Expenses</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Accounting fees	\$ -	\$ 3,145	\$ -	\$ 3,145
Advertising expense	-	699	1,562	2,261
Bank fees	-	6,295	-	6,295
Benefits	17,940	960	-	18,900
Conference expense	1,363	-	-	1,363
Donor expense	-	-	3,343	3,343
Equipment & devices	-	365	-	365
Facilities & equipment	-	234	-	234
General expense	-	738	-	738
Gifts expense	4,061	313	544	4,918
Grants expense	216,107	-	-	216,107
Interest expense	-	-	432	432
Information technology	-	4,175	-	4,175
Miscellaneous expense	-	272	-	272
Payroll services	-	1,760	-	1,760
Payroll taxes	13,275	4,879	1,963	20,117
Postage expense	3,911	356	288	4,555
Printing expense	-	332	287	619
Professional fees	-	-	13,895	13,895
Project expense	12,366	-	-	12,366
Registration fees	-	25	-	25
Salaries & wages	151,773	40,000	20,840	212,613
Supplies expense	69	373	-	442
Telephone expense	99	1,150	-	1,249
Total Expenses	<u>\$ 420,964</u>	<u>\$ 66,071</u>	<u>\$ 43,154</u>	<u>\$ 530,189</u>

See accountant's compilation report.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2020**

**Note 1 – Summary of Significant Accounting Principles**

Nature of Operations:

B2TheWorld, Inc., (the “Organization”) is a Corporation located in Merrifield, Virginia. The Organization provides tools for physical, educational, and spiritual growth to children from countries recovering from war through transformative educational institutions. The Organization is primarily supported by contributions.

Basis of Accounting:

The financial statements of the Organization have been prepared on a modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States. Contributions and other revenue are recognized when received instead of when earned, and expenses are recognized when paid rather than when the obligation is incurred. Property and equipment are capitalized as assets and depreciated over their useful lives. Long-term receivables and mortgage obligations are recognized as assets and liabilities when incurred, with subsequent receipts or payments reported as increases or decreases to those balances.

Accounting Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting 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 reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of reporting cash flows, the Organization considers all short-term, highly liquid money market accounts and short-term investments with an original maturity of three months or less to be cash equivalents unless restricted by donor or the board of directors.

Income Taxes:

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. The modified cash basis of accounting requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2020**

**Note 1 – Summary of Significant Accounting Principles (continued)**

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (“ASU”) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legally donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions, which will either be met by the Organization’s actions, the passage of time, or are perpetual in nature. Net assets with donor restrictions assets are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Revenue, Expenses, and Other Changes in Net Assets-Modified Cash Basis as net assets released from restrictions.

Use of Estimates:

In preparing financial statements in conformity with the modified cash basis of accounting, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as reported amounts of revenue and expenses during the reporting period.

Functional Expenses:

The Organization classifies expenses into functional programs and supporting services (administration and fundraising). The program service function includes all expenses directly related to the Organization’s objective described in the nature of activities. Expenses directly identified with the programs are charged to that program, and where those expenses affect more than one program or supporting service, they are allocated on the basis of estimates by management.

Liquidity:

The Organization has \$125,727 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$125,727. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

Concentration of Credit Risk:

The Organization maintains a checking account at a local bank where deposits are insured up to \$250,000 by the FDIC. At May 31, 2020, the balance was below the insured limit for the account. The Organization does not consider this balance to be exposed to any significant credit risk.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2020**

**Note 1 – Summary of Significant Accounting Principles (continued)**

Property and Equipment:

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation is computed using the straight-line method. The useful lives of property and equipment for purposes of calculating depreciation are as follows:

Building and improvements	15-39 years
Machinery and Equipment	7 years
Office fixtures and equipment	6-8 years
Vehicles	5 years

Revenue and Support:

All contributions are recorded when cash is received or when ownership of donated assets is transferred to the Organization. Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of donated assets. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Revenue that is restricted by the donor or by the specific nature of a special event is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statement of Revenue, Expenditures, and Changes in Net Assets – Modified Cash Basis.

Contributions, including unconditional promises to give and certain grants are recorded at fair value when pledged by the donor. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give and certain grants are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services and Facilities:

The Organization receives a significant amount of donated services from unpaid volunteers. Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. Contributed services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying statements of activities because the above criteria for recognition of such volunteer effort have not been satisfied.

Advertising:

The Organization expenses advertising costs as incurred. Advertising expense was \$2,261 for the years ended December 31, 2020.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2020**

**Note 1 – Summary of Significant Accounting Principles (continued)**

Adoption of New Accounting Standards:

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, and subsequently issued related ASU 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10). These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the Statement of Revenue, Expenditures, and Changes in Net Assets – Modified Cash Basis. The Organization adopted these standards on May 31, 2020, using the modified retrospective method with no impact on the Organization’s financial statements.

Pending Accounting Changes:

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of revenue, expenditures and changes in net assets – modified cash. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of assets, liabilities and net assets – modified cash basis. The reporting of lease reported expenses in the statement of revenue, expenditures and changes in net assets – modified cash basis will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization’s year ending after May 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have no impact on the financial statements as the Organization has no lease contracts.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The new guidance will be effective for the Organization’s year ending after May 31, 2020 and will be applied using a full retrospective method to the beginning of the earliest period presented. The standard is expected to have no impact on the financial statements.

On August 28, 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements on fair value measurements found within ASC Topic 820 Fair Value Measurements. The guidance will be effective for the Organization’s year ending after May 31, 2020 and is expected to have no impact on the financial statements.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2020**

**Note 2 - Subsequent Events**

The Organization evaluated its May 31, 2020 financial statements for subsequent events through the date the financial statements were issued. As a result of the COVID19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue. An additional emergency food relief fund was added in the year ended May 31, 2020 due to COVID19. Management has stated there are no issues with liquidity, and operations are expected to continue as normal in the fiscal year beginning after May 31, 2020. Programs for the subsequent year are running as planned. Other financial impact could occur, though such potential impact is unknown at this time.

**Note 3 - Date of Management's Review**

Subsequent events have been evaluated through the date of this report, which is the date the report was available to be issued. It was concluded that, other than as noted in Note 2, there are no other subsequent events required to be disclosed.