

**FINANCIAL STATEMENTS**



**WORLD EDUCATION AND  
DEVELOPMENT FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2014**

# WORLD EDUCATION AND DEVELOPMENT FUND

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of September 30, 2015, with Summarized Financial Information for 2014	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended September 30, 2015, with Summarized Financial Information for 2014	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2015, with Summarized Financial Information for 2014	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended September 30, 2015, with Summarized Financial Information for 2014	7
NOTES TO FINANCIAL STATEMENTS	8 - 12



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
World Education and Development Fund  
New York, New York

We have audited the accompanying financial statements of the World Education and Development Fund (Worldfund), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worldfund as of September 30, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Report on Summarized Comparative Information**

We have previously audited Worldfund's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

April 13, 2016

**WORLD EDUCATION AND DEVELOPMENT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2015**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

<b>ASSETS</b>	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,302,111	\$ 2,289,205
Grants and contributions receivable (Note 2)	859,527	705,406
Other receivables	34,070	8,768
Prepaid expenses	<u>21,471</u>	<u>17,985</u>
Total current assets	<u>3,217,179</u>	<u>3,021,364</u>
<b>FIXED ASSETS</b>		
Office equipment	30,526	43,928
Furniture	6,546	29,700
Website	28,461	28,461
Software	<u>53,195</u>	<u>30,326</u>
	118,728	132,415
Less: Accumulated depreciation and amortization	<u>(80,397)</u>	<u>(108,532)</u>
Net fixed assets	<u>38,331</u>	<u>23,883</u>
<b>OTHER ASSETS</b>		
Security deposits	15,459	20,673
Grants and contributions receivable, net of current portion (Note 2)	<u>694,391</u>	<u>59,807</u>
Total other assets	<u>709,850</u>	<u>80,480</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,965,360</u></b>	<b><u>\$ 3,125,727</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 188,473	\$ 107,037
Accrued vacation	<u>22,324</u>	<u>20,903</u>
Total current liabilities	<u>210,797</u>	<u>127,940</u>
<b>NET ASSETS</b>		
Unrestricted	1,007,188	1,392,399
Temporarily restricted (Note 3)	<u>2,747,375</u>	<u>1,605,388</u>
Total net assets	<u>3,754,563</u>	<u>2,997,787</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,965,360</u></b>	<b><u>\$ 3,125,727</u></b>

See accompanying notes to financial statements.

**WORLD EDUCATION AND DEVELOPMENT FUND**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Grants and contributions (net of direct benefit to donors of \$189,802 and \$227,696 for 2015 and 2014, respectively):				
Individuals	\$ 363,590	\$ 711,277	\$ 1,074,867	\$ 383,234
Foundations	38,255	742,070	780,325	736,602
Corporations	544,885	1,547,625	2,092,510	1,714,389
Interest income	19,727	-	19,727	10,191
Realized loss	-	-	-	(2,089)
Contributed services (Note 4)	29,292	-	29,292	22,299
Program service fees	120,090	-	120,090	101,457
Other	49	-	49	615
Net assets released from donor restrictions (Note 3)	<u>1,858,985</u>	<u>(1,858,985)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,974,873</u>	<u>1,141,987</u>	<u>4,116,860</u>	<u>2,966,698</u>
<b>EXPENSES</b>				
Program Services	<u>2,084,864</u>	<u>-</u>	<u>2,084,864</u>	<u>1,949,836</u>
Supporting Services:				
General and Administrative	458,681	-	458,681	391,951
Fundraising	<u>631,540</u>	<u>-</u>	<u>631,540</u>	<u>504,182</u>
Total supporting services	<u>1,090,221</u>	<u>-</u>	<u>1,090,221</u>	<u>896,133</u>
Total expenses	<u>3,175,085</u>	<u>-</u>	<u>3,175,085</u>	<u>2,845,969</u>
Change in net assets before other item	(200,212)	1,141,987	941,775	120,729
<b>OTHER ITEM</b>				
Loss on currency translation	<u>(184,999)</u>	<u>-</u>	<u>(184,999)</u>	<u>(52,247)</u>
Change in net assets	(385,211)	1,141,987	756,776	68,482
Net assets at beginning of year	<u>1,392,399</u>	<u>1,605,388</u>	<u>2,997,787</u>	<u>2,929,305</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,007,188</u></b>	<b><u>\$ 2,747,375</u></b>	<b><u>\$ 3,754,563</u></b>	<b><u>\$ 2,997,787</u></b>

**WORLD EDUCATION AND DEVELOPMENT FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015			2014		
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	General and Administrative	Fundraising			
Salaries	\$ 470,892	\$ 179,308	\$ 329,299	\$ 508,607	\$ 979,499	\$ 840,981
Payroll taxes and other benefits (Note 6)	73,248	44,861	28,021	72,882	146,130	107,001
Grants to schools	10,500	-	-	-	10,500	85,130
Program instructors and curriculum development	401,553	-	-	-	401,553	382,327
Program instructors' and participants' travel	309,690	-	155	155	309,845	353,995
Program evaluations	93,452	-	-	-	93,452	20,335
Books and class supplies	210,135	-	-	-	210,135	227,758
Consulting fees	237,215	51,465	99,555	151,020	388,235	272,392
Accounting/audit services	68,380	26,794	16,007	42,801	111,181	97,662
IT expenses	17,306	10,164	3,321	13,485	30,791	26,299
Occupancy (Note 5)	72,385	23,760	17,635	41,395	113,780	87,878
Travel	51,747	6,302	48,348	54,650	106,397	136,978
Telephone	10,352	3,481	3,004	6,485	16,837	18,402
Insurance	5,992	2,491	1,419	3,910	9,902	10,177
Office and general expense	4,724	13,173	5,054	18,227	22,951	21,204
Postage and shipping	1,711	594	6,453	7,047	8,758	3,508
Registration fees	1,046	7,372	2,815	10,187	11,233	22,585
Bank and credit card fees	983	10,222	2,797	13,019	14,002	16,593
Payroll processing fees	175	1,827	72	1,899	2,074	1,943
Printing and printed materials	675	742	14,057	14,799	15,474	4,525
Depreciation and amortization	8,790	3,654	2,082	5,736	14,526	12,839
Gala expenses	-	-	39,985	39,985	39,985	29,210
Events	163	-	620	620	783	21,414
Legal expenses (Note 4)	175	29,744	64	29,808	29,983	28,396
Bad debt expense	3,750	-	-	-	3,750	14,420
Loss on disposal	-	4,072	-	4,072	4,072	-
Furniture and equipment rental and maintenance	626	2,987	270	3,257	3,883	-
Marketing and communications	53	31,541	7,310	38,851	38,904	-
Fundraising	-	-	2,970	2,970	2,970	-
Brazil taxes	27,996	3,104	-	3,104	31,100	-
Other	1,150	1,023	227	1,250	2,400	2,017
<b>TOTAL</b>	<b>\$ 2,084,864</b>	<b>\$ 458,681</b>	<b>\$ 631,540</b>	<b>\$ 1,090,221</b>	<b>\$ 3,175,085</b>	<b>\$ 2,845,969</b>

See accompanying notes to financial statements.

**WORLD EDUCATION AND DEVELOPMENT FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 756,776	\$ 68,482
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,526	12,839
Bad debt expense	3,750	14,420
Loss on disposal	4,072	-
(Decrease) increase in:		
Grants and contributions receivable	(792,455)	495,120
Other receivables	(25,302)	15,379
Prepaid expenses	(3,486)	3,227
Security deposits	5,214	-
Increase (decrease) in:		
Accrued expenses	81,436	(106,378)
Accrued vacation	<u>1,421</u>	<u>4,311</u>
Net cash provided by operating activities	<u>45,952</u>	<u>507,400</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(33,046)</u>	<u>(6,470)</u>
Net cash used by investing activities	<u>(33,046)</u>	<u>(6,470)</u>
Net increase in cash and cash equivalents	12,906	500,930
Cash and cash equivalents at beginning of year	<u>2,289,205</u>	<u>1,788,275</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,302,111</u></b>	<b><u>\$ 2,289,205</u></b>



## WORLD EDUCATION AND DEVELOPMENT FUND

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The World Education and Development Fund (Worldfund) is a non-profit organization, incorporated in 2002, and located in the State of New York. Worldfund's mission is to support high-quality and results-driven education in Latin America. Its vision is for every child in Latin America to have access to a high-quality education and the tools to become a productive member of his or her local community. Through its teacher and principal training programs and investments in schools and after-school academic programs, Worldfund is cumulatively impacting over one million public school students in Mexico and Brazil each year.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Worldfund's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

##### Cash and cash equivalents -

Worldfund considers all cash and other highly liquid investments with initial maturities of six months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, Worldfund maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Worldfund had approximately \$530,280 of cash and cash equivalents held in Mexico and Brazil at September 30, 2015. The majority of all funds held in foreign countries is uninsured. Such amounts are included in cash and cash equivalents in the accompanying Statement of Financial Position.

##### Grants and contributions receivable -

Grants and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

##### Accrued vacation -

Accrued vacation represents the amount of vacation time that employees have earned as per a Worldfund's employee benefit policy, which has not yet been used or paid. The accrual as of September 30, 2015 included amounts accrued by the Executive Director and CFO/COO, who both left the organization after the end of the fiscal year.

## WORLD EDUCATION AND DEVELOPMENT FUND

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Foreign currency -

The U.S. dollar is the functional currency of Worldfund. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect during the month of the transaction. Property and equipment purchases with non-U.S. currency are translated into dollars at the exchange rate in effect at the time of purchase.

Assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position. The net exchange losses from foreign currency totaled \$184,999 for the year ended September 30, 2015.

##### Income taxes -

Worldfund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Worldfund is not a private foundation.

##### Uncertain tax positions -

For the year ended September 30, 2015, Worldfund has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

##### Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Worldfund and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Worldfund and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by Worldfund. As of September 30, 2015, there were no permanently restricted net assets.

##### Grants and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

**WORLD EDUCATION AND DEVELOPMENT FUND**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

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 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 those estimates.

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 Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of September 30, 2015, grants due in more than one year have been recorded at the present value of the estimated cash flows, using Treasury discount rates between 3.25% and 3.40%.

Grants are due as follows at September 30, 2015:

**Year Ending September 30,**

2016	\$ 859,527
2017	<u>718,000</u>
	1,577,527
Less: Discount balance to present value	<u>(23,609)</u>
	1,553,918
Less: Current portion	<u>(859,527)</u>
<b>TOTAL NON-CURRENT GRANTS AND CONTRIBUTIONS RECEIVABLE</b>	<b><u>\$ 694,391</u></b>

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at September 30, 2015:

Inter-American Partnership for Education (IAPE)	\$ 468,174
Principal Training Program (LISTO)	1,702,314
STEM Brasil	<u>576,887</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 2,747,375</u></b>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Inter-American Partnership for Education (IAPE)	\$ 476,485
Principal Training Program (LISTO)	651,129
STEM Brasil	<u>731,371</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,858,985</u></b>

## WORLD EDUCATION AND DEVELOPMENT FUND

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

#### 4. CONTRIBUTED SERVICES

During the year ended September 30, 2015, Worldfund was the beneficiary of donated legal services. The value of the donated legal services, \$29,292, was based upon the fair value at the date the services were provided.

#### 5. OCCUPANCY

Worldfund moved to the current location on July 1, 2015 under a new five year lease agreement to expire on June 30, 2020. Base rent is \$45,630 per year, plus a proportionate share of expenses, increasing by a factor of 2.9% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position.

Worldfund entered into a one-year lease for office space in Mexico in November 2011, which has been extended annually through October 2016. In addition, Worldfund entered into a one-year lease for housing in Mexico in August 2012, which has been extended annually through August 2016.

In October 2014, Worldfund entered into a one-year lease agreement for office space in Brazil, which has been extended on an annual basis.

The following is a schedule of the future minimum lease payments:

#### Year Ending September 30,

2016	\$	80,673
2017		47,911
2018		48,772
2019		50,235
2020		<u>38,518</u>
	\$	<u>266,109</u>

Rent expense, excluding real estate taxes and utilities, under the aforementioned lease agreements, was approximately \$87,373 for the year ended September 30, 2015. The deferred rent liability was \$705 and is included in accrued expenses on the Statement of Financial Position.

#### 6. RETIREMENT PLAN

Worldfund has adopted a defined contribution plan for all eligible employees, effective January 1, 2009, covering all full-time employees with six months of eligible experience and a minimum age requirement of 21 years. Matching employer contributions to the plan are on a discretionary basis. During the year ended September 30, 2015, no matching contributions were made.

#### 7. CONTINGENCIES

At the present time, Worldfund conducts programmatic activities in Brazil and Mexico and maintains certain assets within each respective country. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations, changes in local tax laws or changes in the political climate.

**WORLD EDUCATION AND DEVELOPMENT FUND**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, Worldfund has evaluated events and transactions for potential recognition or disclosure through April 13, 2016, the date the financial statements were issued.