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**CHICAGO**                      **ELGIN**                      **ST. CHARLES**

**B2TheWorld, Inc.**

**Reviewed Financial Statements**

**For the Years Ended May 31, 2022 and 2021**

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

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## **Basis of Accounting**

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. Our conclusion is not modified with respect to this matter.

*Ligke Gross & Co., PC*

Elgin, Illinois  
October 5, 2022

**B2TheWorld, Inc.**  
**Statements of Assets, Liabilities, and Net Assets -**  
**Modified Cash Basis**  
**May 31, 2022 and 2021**

	<b>Assets</b>	
	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 122,186	\$ 155,520
Property and Equipment, net	<u>2,340</u>	<u>-</u>
Total Assets	<u>\$ 124,526</u>	<u>\$ 155,520</u>
 <b>Liabilities and Net Assets</b>		
Current Liabilities:		
Credit card payable	\$ 13,062	\$ 2,769
Payroll liabilities	<u>-</u>	<u>179</u>
Total Current Liabilities	<u>13,062</u>	<u>2,948</u>
Net Assets:		
Without donor restrictions	48,225	69,757
With donor restrictions	<u>63,239</u>	<u>82,815</u>
Total Net Assets	<u>111,464</u>	<u>152,572</u>
Total Liabilities and Net Assets	<u>\$ 124,526</u>	<u>\$ 155,520</u>

See accompanying notes and independent accountant's review report.

**B2TheWorld, Inc.**  
**Statements of Revenue, Expenses, and Changes in Net Assets -**  
**Modified Cash Basis**  
**For the Years Ended May 31, 2022 and 2021**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenue:						
Contributions	\$ 229,663	\$ 357,764	\$ 587,427	\$ 208,611	\$ 380,773	\$ 589,384
Net assets released from restrictions	<u>377,340</u>	<u>(377,340)</u>	<u>-</u>	<u>373,636</u>	<u>(373,636)</u>	<u>-</u>
Total Revenue	<u>607,003</u>	<u>(19,576)</u>	<u>587,427</u>	<u>582,247</u>	<u>7,137</u>	<u>589,384</u>
Expenses:						
Program expenses	377,340	-	377,340	372,865	-	372,865
Management and general	235,587	-	235,587	101,780	-	101,780
Fundraising expenses	<u>15,608</u>	<u>-</u>	<u>15,608</u>	<u>82,562</u>	<u>-</u>	<u>82,562</u>
Total Expenses	<u>628,535</u>	<u>-</u>	<u>628,535</u>	<u>557,207</u>	<u>-</u>	<u>557,207</u>
Change in Net Assets	(21,532)	(19,576)	(41,108)	25,040	7,137	32,177
Net Assets, Beginning of Year	69,757	82,815	152,572	44,717	75,678	120,395
Net Assets, End of Year	<u>\$ 48,225</u>	<u>\$ 63,239</u>	<u>\$ 111,464</u>	<u>\$ 69,757</u>	<u>\$ 82,815</u>	<u>\$ 152,572</u>

See accompanying notes and independent accountant's review report.

**B2TheWorld, Inc.**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended May 31, 2022**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Accounting fees	\$ -	\$ 6,875	\$ -	\$ 6,875
Advertising expense	-	8,454	1,491	9,945
Bank fees	-	8,372	-	8,372
Benefits	22,332	-	-	22,332
Conference expense	9,177	-	-	9,177
Depreciation	-	1,170	-	1,170
Equipment & devices	159	576	-	735
Facilities & equipment	-	2,400	-	2,400
General expense	7,994	8,414	5,300	21,708
Gifts expense	5,149	1,756	501	7,406
Grants expense	97,850	-	-	97,850
Contribution to donor-advised fund	-	18,000	-	18,000
Information technology	-	8,501	-	8,501
Legal fees	-	3,500	-	3,500
Miscellaneous expense	-	4	-	4
Payroll services	-	1,549	-	1,549
Payroll taxes	17,142	3,679	-	20,821
Postage expense	4,178	732	1,654	6,564
Printing expense	313	-	394	707
Professional fees	8,900	106,754	6,000	121,654
Registration fees	-	1,410	-	1,410
Salaries & wages	203,534	50,161	-	253,695
Supplies expense	612	1,747	268	2,627
Telephone expense	-	1,533	-	1,533
Total Expenses	\$ <u>377,340</u>	\$ <u>235,587</u>	\$ <u>15,608</u>	\$ <u>628,535</u>

See accompanying notes and independent accountant's review report.



**B2TheWorld, Inc.**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended May 31, 2021**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Accounting fees	\$ -	\$ 3,625	\$ -	\$ 3,625
Advertising expense	-	1,959	-	1,959
Bank fees	-	8,582	-	8,582
Benefits	47,699	-	1,946	49,645
Equipment & devices	2,180	2,137	-	4,317
Facilities & equipment	-	2,054	-	2,054
Fundraising events	-	-	4,726	4,726
General expense	-	908	-	908
Gifts expense	5,484	703	-	6,187
Grants expense	131,050	-	-	131,050
Information technology	-	4,511	-	4,511
Legal fees	-	3,500	-	3,500
Miscellaneous expense	12	11	-	23
Payroll services	-	659	-	659
Payroll taxes	16,748	4,808	4,846	26,402
Postage expense	3,787	682	472	4,941
Printing expense	415	19	-	434
Professional fees	-	3,050	17,936	20,986
Project expense	536	-	-	536
Registration fees	-	1,957	-	1,957
Salaries & wages	164,919	59,125	52,205	276,249
Supplies expense	35	2,467	71	2,573
Telephone expense	-	1,023	360	1,383
Total Expenses	\$ <u>372,865</u>	\$ <u>101,780</u>	\$ <u>82,562</u>	\$ <u>557,207</u>

See accompanying notes and independent accountant's review report.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended May 31, 2022 and 2021**

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

Nature of Operations

B2TheWorld, Inc., (the “Organization”) is a nonprofit organization located in Falls Church, 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.

Use of 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 the 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, 2022 and 2021, 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 Years Ended May 31, 2022 and 2021**

**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, Expenditures, and Changes in Net Assets – Modified Cash Basis as net assets released from restrictions.

**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 \$122,186 of financial assets available within one year of the Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis date to meet cash needs for general expenditures consisting solely of cash. Other than the donor restricted amount of \$63,239, 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 Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis 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. From time to time, the Organization may have balances in excess of the federally insured deposit limits. The Organization does not consider these balances to be exposed to any significant credit risk.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended May 31, 2022 and 2021**

**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. Additions and betterments of \$500 or more are capitalized, while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently. 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	3-8 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.

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The Organization adopted the ASU effective on June 1, 2020. The standard requires the Organization to reassess its revenue recognition policy to accurately depict whether a transfer of assets is a contribution or exchange transaction and whether a contribution received (including government grants) is conditional or unconditional. The Organization has elected to adopt the simultaneous release option for contributions that meet restrictions in the same reporting period. The adoption of this guidance did not have a significant impact on the Organization's financial position or change in net assets.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended May 31, 2022 and 2021**

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

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 when paid. Advertising expense was \$9,945 and \$1,959 for the years ended May 31, 2022 and 2021, respectively.

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 Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis. 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 Revenues, Expenses, 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 beginning after December 15, 2021 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.

**Note 2 – Property and Equipment**

Property and equipment consisted of the following at May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Depreciable Life - Years</u>
Equipment	\$ 3,510	\$ -	3
Less: Accumulated Depreciation	(1,170)	-	
Property and Equipment, net	<u>\$ 2,340</u>	<u>\$ -</u>	

Depreciation expense for the years ended May 31, 2022 and 2021 was \$1,170 and \$0, respectively.

**B2TheWorld, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended May 31, 2022 and 2021**

**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 there are no subsequent events required to be disclosed.