OneSky teaches communities and caregivers to provide nurturing responsive care and early education that unlocks the vast potential hidden in our world’s most vulnerable young children.
Dear Friends,

I am very happy to present our Annual Report for 2017, a momentous year during which we opened our first Early Learning Center (ELC) outside China in Da Nang, Vietnam where we’ve taken everything we’ve learned in China and tailored it to create a scalable model to reach 1.2 million children of factory workers.

In China, we continue to make progress toward our goal of training caregivers in every orphanage in the country; already, we’ve impacted the lives of 117,647 children. In impoverished rural villages, we’ve trained 13,184 caregivers, impacted the lives of 8,481 children, and are working with our government partners on plans to reach more than 2.5 million young children in 128,000 villages.

The numbers are impressive, but for me, the most rewarding moments of my visits to both countries are the smiling children who are blossoming now that they’re finally receiving the care they need to thrive. In China, the smiles continue and in Vietnam the smiles have just begun.

All our thanks,

Guy Russo

---

Dear Friends,

2017 was an especially gratifying year for me because we took our first step to spreading all we have learned in China to children in other countries when we opened our Early Learning Center (ELC) in Da Nang.

Though exciting, this year’s ELC launch was only the first phase for implementing our comprehensive Factory Model in Vietnam. Next step will be to reach more children of factory workers in Da Nang when we start training home-based daycare providers: to deliver quality early childhood education and nurturing. We’ll also provide skills training for parents who are clamoring to learn how they can enhance their children’s development at home.

And of course, as is the case with all of our Models for Change, we are working with our government partners to facilitate their plans to scale our model across Vietnam. We have so much to celebrate and so much more to do, none of which we could even attempt without the support of our global family.

Huge thanks to every one of our partners and supporters who ensure that the wind is at our back as we move resolutely forward to transform the lives of once-forgotten children.

All my love,

Jenny Bowen
A young child’s need for loving care and attention is fundamental and universal. It’s a simple fact. So simple, it’s simplistic. Obvious.

Obvious, but we allow 935 million of our young to grow up without it.

Through long years of helping the Chinese government and its welfare workers re-imagine how to best care for orphaned and abandoned children, OneSky has found a way to reach hurt children in their most formative years.

We develop affordable, scalable early childhood intervention models and train caregivers how they can transform young lives.

We show them how to provide not just early education, but also how to offer the consistent nurturing, responsive care that young children, from the moment of birth, need to develop normally.

Our solution goes beyond the children… we pay even more attention to training and transforming grownups. In fact, the changes we witness in children are miraculous, but no more so than those we see in the adults responsible for their welfare.

When adults realize they have the power to turn a child’s life around, there is nothing more magical to behold. We’ve seen that light in the eyes of not just caregivers and teachers, but even the most staid government officials and business leaders.

There is nothing we humans love more than bringing happiness to a child.

HUMAN BEINGS NEED TO LOVE AND TO BE LOVED
OneSky has developed three affordable, scalable early childhood intervention models that can be adapted to meet challenges in diverse situations wherever young children live in adversity, particularly in developing countries.

To implement our Orphanage, Village and Factory Models, we foster partnerships among individuals, communities, businesses and governments at all levels, building local capacity by providing ongoing training, guidance and support as our partners take our models to scale.

Implementing our models doesn’t require fancy buildings or expensive toys. It does require human interaction, lots of it. And professionally trained caregivers cost money. But humans who are trained to enable vulnerable young children to reach their potential can become a workforce for good. A workforce that can change our world.

MODELS FOR CHANGE

SINCE OUR WORK BEGAN IN 1998, WE’VE:

161,272 CHILDREN IMPROVED THE LIVES OF
33,769 CAREGIVERS TRAINED
207 CHILDREN REACHED beyond China in 2017 with the launch of our Early Learning Center in Da Nang, Vietnam.

29 OUT OF 31 OF CHINA’S PROVINCES REACHED

33,769

69%

EDUCATED

of the staff and administrators of China’s child welfare institutions in OneSky’s method for early childhood care through our National Training Plan.

161,272 CHILDREN

69%

EDUCATED

161,272 CHILDREN

69%

EDUCATED

29 OUT OF 31 OF CHINA’S PROVINCES
When OneSky's first Early Learning Center (ELC) outside China opened in September in Da Nang's Hoa Khanh Industrial Zone, it immediately became the lively, child-friendly environment it was designed to be. At the ELC, OneSky-trained teachers are using evidence-based methodology to provide a stimulating and nurturing early learning environment that promotes cognitive, physical, language, and social-emotional development.

The ELC’s teachers follow a curriculum that blends age-appropriate, responsive care with best practices for early education and that has been adapted to serve the specific needs of children in Vietnam ages 6 months to 6 years old. They also conduct daily observations to better understand who each child is and how each child learns. These observations are used to plan activities that extend and deepen children’s inquiries and learning. Each child has a memory book, which contains a collection of teachers' observations, children's work, and a developmental checklist that charts the child's progress over time.

The ELC fills an enormous need for quality early childhood care in Da Nang. Daycare centers and kindergartens in and around industrial zones are often out of reach for the children of factory workers due to high enrollment costs, overcrowding, or lack of residency status.

To fill the gap, an industry of home-based care providers staffed by untrained workers overseeing as many as 30 children for 12 or more hours a day has emerged. The ELC’s high-quality care provides a welcome alternative. Says OneSky’s Vietnam Program Director Vo Thi Hien, “Instead of being left with ill-equipped caregivers or aging relatives, children enjoy high-quality care, education and play so they can learn and develop daily. For their parents, who work so hard to provide for them, it’s hard to imagine the peace of mind this brings.”

The next step will be to fully implement the model by providing training for parents and for home-based care providers. Eighty home-based care providers in the Hoa Khanh Industrial Zone will be recruited to learn how to deliver quality care in their home businesses and up to 800 parents will learn in classes at the factories how to support their children’s healthy development at home.

Of course, like all of OneSky’s Models for Change, our Factory Model is designed to be scalable. That means we are also fine-tuning the ELC’s operational systems for replicability and building capacity by cultivating and empowering a team of ELC teachers and trainers who can demonstrate and model early childhood best practices.

Just as we did to ensure the opening of the first ELC in Da Nang, we are working closely with our partners—government at all levels, including the Ministry of Education and Training, trade unions, factory owners, individuals—to reach more children.

Because we know that when we work together, our dreams for the children can come true.
A Dream Come True in Da Nang

After Thuy found a factory job in Da Nang, she went back to her village to pick up her 4-year-old daughter Mai, who was being cared for by her grandparents. At first, Mai went to a private nursery so Ha could work. But the nursery consisted of one room with a dozen toys for 20 children and no outdoor space for Mai, who loves to dance and play outdoors. Then Thuy found One Sky’s Early Learning Center (ELC) where the fee was only two thirds of what she had been paying and the quality far superior: “As soon as I visited the Center and saw with my eyes the wonderful facilities and the passion of the teachers, I knew it was the right place for her.”

At the ELC, Mai can choose activities like arts and crafts, music, and her favorites, dramatic play and blocks. She also loves playing outdoors in the sand pit and visiting the animals—the rabbits, chickens, ducks and dog that have been donated to the ELC by parents.

Thuy wishes Mai’s dad, who died in a traffic accident when she was pregnant, could see the caring, vivacious child she has become, but is grateful that Mai is in Da Nang with her and that she doesn’t have to work lots of late shifts to afford childcare. “This is a dream come true. Enrolling Mai at One Sky’s ELC is the luckiest thing that has happened to me—I can’t wish for anything more.”

VIETNAM

1.2 MILLION children of factory workers
300 industrial zones
220 USD: average monthly salary of factory workers

DA NANG’S HOA KHANH INDUSTRIAL ZONE
10,000 children 0-6 years old

EARLY LEARNING CENTER IN DA NANG
250 children 6 months to 6 years old
Operating Hours: 6:00 AM to 6:30 PM

SCALING GOALS

To have One Sky programs in 10 more provinces by 2020. Train 33,000 caregivers for 800,000 children in 195 industrial parks
In rural China today, millions of children of migrant workers—including 2.5 million under five years old—are left behind by parents who have to leave their impoverished villages in search of work in faraway cities. Left in the care of grandparents or relatives who are struggling to simply keep them fed, they are China’s “economic orphans.”

Our Village Model offers a comprehensive approach toward healing children and rural communities disintegrating through the loss of their young workers. Now operating in 46 villages in central China, OneSky is working with our government partners to scale the model nationally, with a special emphasis on reaching 585 government-designated “poverty counties.”

Programs include:

- **Family Skills** training for primary caregivers at the OneSky Family Center and via weekly home visits. The focus is on providing nurturing care in daily life, with an emphasis on attachment and bonding, brain development and stimulation, and fostering early communication.

- **Preschool** for all children aged 3-6 in the village irrespective of the family’s ability to pay. The child-centered curriculum emphasizes responsive care to improve cognitive and social-emotional development as well as preparation to successfully move on to primary school.

- **Community Engagement** offering trainer-facilitated village gatherings, monthly community projects (e.g., community gardens) and cooperative childcare to give weary grandparents regular respite and engage the adults remaining in the village to help nurture the children.

### OneSky’s Village Model

**Since 2015**

- Held 1,850 family skills trainings
- Trained 13,184 caregivers
- Impacted 8,481 children & 30,000 villagers
- Hired 462 local women as preschool teachers & family mentors

### Scaling Goals

- 128,000 villages in 585 rural counties

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**China**

9 MILLION left-behind children in rural villages

2.5 MILLION left-behind children, aged 0-5
When her son was a year old, Lv did what many mothers in rural China do to make ends meet. She left her village and headed for work in a nearby city, leaving her son Kunkun behind in the care of her husband's aging parents. After Lv had been away for six months working in an electronics factory, she was elated to be able to return home for a brief visit. But her happiness turned to worry when she realized that her son had stopped learning. At 18 months, Kunkun could only say three words.

Months later, Lv applied for a job as a OneSky family mentor and, thanks to her enthusiasm and understanding about conditions in village families like her own, got the job. After her OneSky training, Lv started visiting families at home and showing them and Kunkun’s grandmother ways to engage children. Lv grew particularly close to a family with a little girl named Yanyan, who had been very weak since birth. She encouraged Yanyan’s grandmother to bring her to OneSky’s Family Center and showed her how to baby proof the house so the little girl could practice her first steps safely.

Soon Kunkun became a “new child,” active, engaged and speaking in sentences. Yanyan had learned to walk and was saying simple words. As for Lv, she had come to love her job. “My days are full and happy!” she says, “What I want for my son is what I want for all children!”

The Knitting Grandmothers

One day, a grandmother sitting in the community-built park in her village pulled out her knitting needles and started working on “something fun” for a child. The “click click” of her needles soon attracted other adults, who came by to admire her work.

Before long, with the encouragement of OneSky’s family mentors, several more grandmothers joined the group. Knitters who were more experienced offered to teach those who were less experienced, and the little group was soon happily knitting away, sharing balls of yarn as they knitted dolls, coasters and cushions. “These are more beautiful than what’s sold in shops,” said one impressed villager.

Some of their creations, the grandmothers decided, would make good presents; others they might start selling someday. For now, though, they are happy being in each other’s company three or four times a week. As they knit, they share stories about their children and about how their grandchildren have changed since they enrolled in OneSky’s program.

One grandmother reports: “Our grandson used to be afraid of people, but now he is not. He dares to speak up and he behaves better.”

Another says, “My grandson used to know little about colors; now every time I knit, he stands beside me and tells me what color each strand of yarn is.”

A third put down her needles and yarn for a moment to muse about the impact of their cozy knitting klatch: “I think we have knitted our neighborhood into a close net.”
A
n orphanage is a terrible place to raise a child, but in some countries orphanages are still the primary destination for children who have been separated from their families.

Until deinstitutionalization becomes the norm, our Orphanage Model trains caregivers to provide institutionalized orphaned and abandoned family-like care so they too can thrive.

Our model has been so successful that it has become China’s national standard for the care of institutionalized children and is being scaled across the country through the National Training Plan. Working closely with our government partners, we are training every child welfare worker in the country, onsite and online via our learning platform 1jiaren.org, to provide the care that we have seen over and over transforms institutionalized children’s lives.

Programs include:
- **Infant Nurture:** Women from the local community are trained to provide nurturing, responsive care for babies and toddlers that enhances the tremendous developmental gains infants make in the early years of life. Each early educator is assigned 3-4 babies and treats them as her very own.
- **Preschool:** Experienced early childhood educators are taught a unique and progressive curriculum that fosters cognitive, physical, language, and social-emotional development, curiosity, and the positive sense of self so often missing in institutionalized children.
- **Loving Families:** Married couples are recruited to provide permanent foster homes for children whose physical, emotional or cognitive challenges are likely to preclude their adoption. Children who would otherwise spend their lives in institutional care grow up knowing the love of a family.

### SCALING GOALS

- To have established a demonstration center in each province by 2023
- To reach every orphanage in the country by 2030

### ORPHANAGE MODEL

**CHINA**
- **410,000** orphans
- **1,278** government-run welfare institutions

**ONESKY’S ORPHANAGE MODEL**
- **Since 1998** Managed programs at **97 sites**
- **Built 31 Seed Centers**
- **Impacted the lives of 117,647 children**

Source: Government Statistics

### CHINA

410,000 orphans
1,278 government-run welfare institutions

Source: Government Statistics
When Anyun arrived at the orphanage as a toddler, she could not walk, speak, or even stand up on her own. But when Anyun’s OneSky-trained nanny Li Xiamei extended her hand, the silent little girl, who has cerebral palsy, grabbed it, while clinging tightly to the warm, clean blanket she was wrapped in when she was discovered abandoned outside a police station.

Xiamei believes that Anyun’s biological parents loved her because they took such care to wrap her in a warm blanket and dress her in clean clothes. She assumes they made the painful decision to abandon Anyun because, like many parents who have children with special needs, they could not afford quality medical care.

Still, frightened Anyun knew only that she was suddenly alone. “She looked at the world with vacant eyes full of fear and mistrust,” says Xiamei. Xiamei sang soft lullabies to soothe her. During meals, she cheered whenever Anyun ate something, no matter how little. Soon Anyun was responding happily to Xiamei’s kisses, cuddles and singing.

Xiamei also massaged Anyun’s legs daily. Then she started pulling her gently up to a standing position. After lots of practice, one day Anyun stood up on her own, prompting all the nannies in the playroom to applaud.

Now Anyun is a smiling, good-natured three year old, who likes to play peek-a-boo and can, to the delight of her beloved nanny Xiamei, walk on her own: “I’m glad she is able to enjoy the freedom that her feet bring her!”

Shortly after midnight, on November 8, 2013, a passerby found a newborn boy wrapped in a blanket by the side of a road in central China. The tiny baby, who weighed less than 7 pounds, was taken to the nearest orphanage where he was given the name Fudi (“Lucky Emperor”) perhaps in the hope that his luck would change.

By the time he turned three, Fudi’s luck did change when he joined OneSky’s Loving Family Program. Finally Fudi had a mom, a dad and four siblings of his own. Now Fudi follows his big brother Lejie wherever he goes, and just like millions of Chinese preschoolers, loves to watch his favorite cartoon program Boonie Bears.

At first Fudi’s mom Wei Aiqing says he was true to his name, demanding to be the first one served rice and lording it over his toys, but over time he became more considerate, taking home desserts from school to share with his siblings and helping with chores.

Fudi’s development also accelerated. The only area where Fudi lags is speech so his teachers and mom have created activities and games that encourage him to speak and exercises like blowing paper to open up his diaphragm.

Though she is grateful for all of her son’s progress, Wei Aiqing is most impressed by how loving he has become. Despite his language struggles, one day Fudi pronounced clearly: “I love my mom and my dad. I am happy that I have a mom and dad of my own.”
We would like to extend a heartfelt thanks to all of our corporate, foundation and small business supporters for providing very significant financial and in-kind contributions. This support is crucial for our work transforming the lives of vulnerable children so they can have a second chance at childhood. For more information, visit www.onesky.com/partners.

Anchorage Equity Partners (Asia)  
Asia Alternatives Mgmt. LLC  
Bank of America Merrill Lynch  
Baring Private Equity Asia  
The Capital Group  
The Capital Group Companies Charitable Foundation  
The Chen Wai Wai Vivien Foundation Limited  
Chow Tai Fook Charity Foundation  
Clifford Chance LLP  
Deutsche Bank  
The Dorothy Haus Ross Foundation  
Edrington Hong Kong Limited  
F Freshfields Bruckhaus Deringer  
Fossil Foundation  
Half the Sky Foundation Australia  
IKEA Foundation  
Jack Morton Worldwide  
Kadoorie Charitable Foundation  
Kaok Foundation  
Linklaters  
Matthews Asia  
New Idea Electronic Technology Limited  
One World Foundation  
Otterbox Hong Kong Ltd  
Peter Bennett Foundation  
Porticus Foundation  
SCMP Charities Limited  
Sophia Grace Foundation  
Skoll Foundation  
Storehouse Foundation  
Summitview Capital Management  
Swire Trust  
The Tan Family Education Foundation  
Target Foundation  
UBS Optimus Foundation  
Union Bancaire Privee  
Wah Keong Maritime Transport Limited  
Weber Shandwick

When Porticus Regional Asia Director and Portfolio Manager Early Childhood Development traveled to Vietnam for an onsite preview of our Early Learning Center (ELC) in Da Nang, the building site was still under construction. For the visitors, it required a leap of imagination to envision the construction site as it would become just several months later—a nurturing, child-friendly space filled with active learners 6 months to 6 years old. Nevertheless, the Porticus visitors’ enthusiasm for launching the ELC, the first phase of our multi-faceted, scalable model for children of factory workers, was unswerving and contagious. “Porticus took a leap of faith by partnering with us. It was inspiring to all of us who were working tirelessly on the ground to open the ELC doors to have a partner like Porticus,” says Chief Development Officer Natalie Campion.

The ELC doors opened on schedule, thanks in large part to Porticus, which awards grants to charitable organizations all over the world and has vast experience with Asian education projects. We are also on schedule to fully implement our Factory Model in Da Nang and work with government to scale it across the country because, like our valued partner Porticus, we are focused not only on one ELC but on our vision for creating systemic social change.
Guy Russo
Chairman
CEO, Wesfarmers Department Store Division (Target and Kmart, Australia); former Managing Director & CEO In Australia and President in Greater China of McDonald’s Corporation.

Randy C. Belcher
Hong Kong-based executive Vice President — Asia Pacific for Fossil Inc. Serves on the boards of the Fossil Foundation (Chairman) and Helen Keller International.

Peter Bennett
After a successful career in the financial industry, established the Peter Bennett Foundation to support charitable and social impact development in Hong Kong, China, and Southeast Asia.

Deanne Bevan
CEO (Volunteer), Half the Sky Australia Ltd; former Senior Vice President, Employee Relations, Training & Development, McDonald’s Australia and advisor in the Asia region for McDonald’s Corporation USA. Has worked in a voluntary capacity for Half the Sky since 2006 including as Global Director of Development.

Jenny Bowen
A former screenwriter and film director who wrote screenplays for major Hollywood producers and was writer-director on several independent films.

Stephen Chipman
CEO, Radius. Former CEO, Grant Thornton where he helped lead the development and growth of services in China. He sits on the boards of the Chicago Council on Global Affairs and World Business Chicago.

Matt Dalio
Founder, CEO and Chief of Product at Endless Mobile; president of the board of directors of the China Care Foundation, Inc. that he founded in 2000 at age 16; BA Harvard University; MBA, Stanford Graduate School of Business.

Laura Hui
Head of Asia Pacific Investor Relations at CQS (retired), a UK-based hedge where she was responsible for acquiring new Asia Pacific private and institutional investors for CQS’s alternative funds.

Jal S. Shroff, J.P.
Former Director / Fossil Group, Inc. & Managing Director, Fossil (East) Ltd; In Hong Kong, director, Vision 2047; former Chairman, Executive Committee, English Schools Foundation and President, Kowloon Cricket Club.

Richard L. Studebaker, J.D.
Senior Vice President of Capital International Research, Inc., a global investment management firm that is part of the Capital Group of Companies. Serves on the boards of For Love of Children, Microdreams and Karya Salemba Empal.

Shirley Wang
Director of the new Beijing Normal University’s One Foundation Philanthropy Research Institute & China Institute For Social Policy and Chairman of Chunhui Children’s Foundation.

Lisa Norton
Law Office of Lisa Norton PLLC (retired); partner in corporate law; 15 years serving the legal needs of nonprofit organizations; author of How To Be A Global Nonprofit: Legal and Practical Guidance for International Activities.

Dana Johnson, MD, PhD
Professor of Pediatrics and Director of the Division of Neonatology; and Co-Founder of the International Adoption Medical Program at the University of Minnesota. Also serves as Medical Consultant on international adoptions to multiple agencies across the United States.

Stella Lee
Silicon Valley Private Investor; retired biostatistician living in Silicon Valley who travels regularly to Asia; volunteer at low-income schools in the Ravenswood City School District; supports the Ravenswood Education Foundation.

Melissa Ma
Co-Founder and Managing Partner of Asia Alternatives; co-leads the firm’s investments in buyout and special situations funds and oversees investor relations, market research and back office functions.

F. Chapman Taylor
Senior Vice President of Capital International Research, Inc., a global investment management firm that is part of the Capital Group of Companies. Serves on the boards of For Love of Children, Microdreams and Karya Salemba Empal.

Wang Zhenyao
Director of the new Beijing Normal University’s One Foundation Philanthropy Research Institute & China Institute For Social Policy and Chairman of Chunhui Children’s Foundation.

OneSky has consistently been recognized for exceptional fiscal responsibility and transparency. OneSky meets all 20 Standards for Charity Accountability of the Better Business Bureau Wise Giving Alliance (BBBWGA) and has been highly evaluated by Charity Navigator, which has awarded us its highest four-star rating, GuideStar, Ilonate and WiseGiving.

INCOME RESOURCES

EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>79%</td>
</tr>
<tr>
<td>Support Services</td>
<td>8%</td>
</tr>
<tr>
<td>Private Foundation</td>
<td>30%</td>
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<tr>
<td>Corporate Donors</td>
<td>34%</td>
</tr>
<tr>
<td>Individual Donors</td>
<td>36%</td>
</tr>
</tbody>
</table>

OneSky for all children 22

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</tr>
<tr>
<td>Individual Donors</td>
<td>36%</td>
</tr>
</tbody>
</table>
Crowe Horwath

To the Audit Committee and Board of Directors
Half the Sky Foundation and Subsidiaries
Berkeley, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Half the Sky Foundation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Half the Sky Foundation and Subsidiaries as of December 31, 2017 and 2016 and the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sacramento, California
May 25, 2018

Independent Auditor’s Report

HALF THE SKY FINANCIAL STATEMENTS (DBA ONESKY)

Consolidated Statements of Financial Position
Half the Sky and Subsidiaries, December 31, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Assets:</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>$4,388,183</td>
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<td>Pledges receivable, net (Note 3)</td>
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<td>Other receivables</td>
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<td>Prepaid program expenses</td>
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<td>Property and equipment, net (Note 4)</td>
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<td>Deposits</td>
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<td>68,703</td>
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<td>Total assets</td>
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<td>$4,425,754</td>
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<td>Liabilities:</td>
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<td>Accounts payable</td>
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<td>Accrued expenses</td>
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<td>Total liabilities</td>
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<td>Net assets:</td>
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<td>Unrestricted</td>
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<td>Designated by the Board</td>
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<td>Total unrestricted net assets</td>
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<td>Temporarily restricted (Note 5)</td>
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<td>Total net assets</td>
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<tr>
<td>Total liabilities and net assets</td>
<td>$4,763,121</td>
<td>$4,425,754</td>
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</table>

See accompanying notes to consolidated financial statements.
Revenues, gains and other support:

Contributions (Notes 9, 10 and 11) $4,172,183 $4,881,422 $9,053,605
Contributed services and materials 400,509 - 400,509 $112,528 - $112,528
Merchandise sales 2,266 - 2,266 7,247 - 7,247
Other income 62,618 - 62,618 55,143 - 55,143
Net assets released from restriction (Note 6) 4,887,056 (4,887,056) 4,537,500 (4,537,500)

Total revenues, gains and other support 9,525,026 (5,634) 9,519,392 8,576,007 697,491 9,273,498

Expenses:

Program services:
Donated goods and services 21,197 - 21,197 158,748 - 158,748
Other program services 7,250,587 - 7,250,587 6,518,587 - 6,518,587

Total program services 7,271,784 - 7,271,784 6,677,335 - 6,677,335

Fundraising:
Donated goods and services 8,504 - 8,504 13,791 - 13,791
Other fundraising 1,184,888 - 1,184,888 1,120,332 - 1,120,332

Total fundraising 1,193,392 - 1,193,392 1,134,123 - 1,134,123

Management and general (Notes 7 and 8):
Donated goods and services 19,509 - 19,509 3,816 - 3,816
Other management 558,425 - 558,425 500,957 - 500,957

Total management and general 704,973 - 704,973 504,773 - 504,773

Total expenses 9,190,958 - 9,190,958 8,515,288 - 8,515,288

Change in net assets 334,968 (5,634) 329,334 60,719 697,491 758,210

Net assets, beginning of year 1,316,472 2,926,075 4,242,547 1,255,753 2,228,584 3,484,337

Net assets, end of year $ 1,651,440 $ 2,920,441 $4,571,881 $ 1,316,472 $ 2,926,075 $4,242,547

Consolidated Statements of Activities and Changes in Net Assets
Half the Sky Foundation and Subsidiaries, Years Ended December 31, 2017 and 2016

See accompanying notes to consolidated financial statements.
### Consolidated Statements of Functional Expenses

#### Half the Sky Foundation and Subsidiaries, Years Ended December 31, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
<td><strong>Services</strong></td>
<td><strong>Funding</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Management and General</strong></td>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Cost</strong></td>
<td><strong>Management and General</strong></td>
</tr>
<tr>
<td>Expenses (Notes B)</td>
<td>$2,179,618</td>
<td>$895,422</td>
</tr>
<tr>
<td></td>
<td>$2,095,322</td>
<td>$821,375</td>
</tr>
<tr>
<td>Consulting and professional services</td>
<td>192,475</td>
<td>70,498</td>
</tr>
<tr>
<td>Office expenses</td>
<td>57,064</td>
<td>24,371</td>
</tr>
<tr>
<td>Information technology</td>
<td>80,800</td>
<td>7,311</td>
</tr>
<tr>
<td>Occupancy</td>
<td>52,618</td>
<td>39,381</td>
</tr>
<tr>
<td>Travel</td>
<td>280,611</td>
<td>61,623</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>37,160</td>
<td>37,160</td>
</tr>
<tr>
<td>Depreciation</td>
<td>13,632</td>
<td>13,632</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,816</td>
<td>3,816</td>
</tr>
<tr>
<td>Total</td>
<td>280,611</td>
<td>61,623</td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td><strong>$704,973</strong></td>
<td><strong>5,933</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$709,476</strong></td>
<td><strong>5,933</strong></td>
</tr>
</tbody>
</table>

#### Program and General Expenses

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Services</strong></td>
<td><strong>Funding</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Management and General</strong></td>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Cost</strong></td>
<td><strong>Management and General</strong></td>
</tr>
<tr>
<td><strong>Fundraising</strong></td>
<td>$704,973</td>
<td>$5,933</td>
</tr>
<tr>
<td></td>
<td>$709,476</td>
<td>$5,933</td>
</tr>
</tbody>
</table>

#### Total Functional expenses

<table>
<thead>
<tr>
<th>Total functional expenses</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,271,784</td>
<td>$1,193,392</td>
<td>$19,909</td>
</tr>
</tbody>
</table>

### Notes to Consolidated Financial Statements

#### Half the Sky Foundation and Subsidiaries, Years Ended December 31, 2017 and 2016

**NOTE 1 – ORGANIZATION AND OPERATIONS**

Half the Sky Foundation (the “Foundation” or “HTS”), a non-profit public benefit corporation, was incorporated in November 1998 with its corporate office located in Berkeley, California.

The Foundation formed a Beijing Representative Office in June 2008. Effective January 1, 2008 the Foundation also qualifies in the Netherlands as a charitable fund (“ANBI”).

Half the Sky Foundation (Asia) Limited (“Asia Ltd.”), a supporting organization of the Foundation, was incorporated in Hong Kong in March 2006.

The Foundation was created in order to enrich the lives of China’s most vulnerable children. Half the Sky Foundation has recently extended its mission to children of China, opening its first Early Learning Center in Vietnam in 2017. It is the Foundation’s goal to ensure that all at-risk children have a caring adult in their lives and a chance at a bright future by teaching communities and caregivers the skills they need to provide nurturing responsive care and early education that unlocks their hidden potential.

As of December 31, 2017, the Foundation manages programs at 26 model children centers and 32 seed centers across 29 provinces in China (Orphanage Model), and provides family skill training and early childhood learning programs at 46 villages in Henan province (Village Model). In 2016, the Foundation signed an agreement with the government of Vietnam to set up an Early Learning Center in Vietnam (Factory Model). The Factory Model became operational in September 2017.

Foundation Children’s Centers: To expand the reach of the Foundation’s Orphanage Model, the Foundation provides short-term funding (three years) for mentoring and training to smaller children welfare centers with limited resources so they can establish equivalent programs of their own. As of December 31, 2017, the Foundation has helped establish programs in 39 Seed Centers.
Beginning in October 2011, the Foundation began its transition to a "Factory Model" with the aim of simultaneously training every caregiver in the country and thereby help the Chinese raise the standards of education and training for children. Since the National Training program was established, the Foundation has trained 15,541 caregivers from 724 welfare centers. The Foundation has been working on transitioning support and operations of the Children’s Centers it has established in government-supported social welfare institutions over to the Chinese. After that transition is complete, the Foundation will start a training and mentoring organization that continues to conduct effective trainings, in various forms and both online and offline, to help welfare institutions create Half the Sky-inspired programs of their own, and runs demonstration programs that serve as examples developed as well as a source of lessons learned.

**Village Model**: In 2015, the Foundation launched its Village Model programs for left-behind children in rural China. The Foundation’s Village Model programs focus on helping children who are left without nurturing, responsive care during their most critical early years.

Since the Village Model launched in Ye County, Henan Province in 2015, 8,481 children have been reached and 724 welfare centers. The Foundation has been working on transitioning support for its entire children’s welfare system. Since the National Training Plan began, the Village Model’s programs are designed to mitigate the damage to children up to 6 years old who are left without nurturing, responsive care during their most critical early years.

Village Model: In 2015, the Foundation launched its Village Model programs for left-behind children in rural China. The Foundation’s Village Model programs focus on helping children who are left without nurturing, responsive care during their most critical early years.

Similar to other Foundation programs, the Village Model’s programs are designed to be scalable and sustainable. Programs include Family Skills in which training is delivered through group trainings and home visits; Early Childhood Development Centers in which lessons are taught to children through a curriculum that emphasizes responsive care to improve cognitive, social, and emotional development as well as readiness; and Community Engagement that is geared toward strengthening families and communities through village-wide meetings, town meetings, and community events that give caregivers a chance to learn about the Village Model and get involved in their community. The Village Model has been successful in helping children achieve better outcomes, such as higher grades in school and improved social skills.

**Factory Model**: In 2016, the Foundation designed a new model, referred to as the Factory Model, and is structured specifically for children of factory workers. The new Factory Model curriculum was tailored to improve the lives of children who are left without nurturing, responsive care during their most critical early years.

In 2016, the Foundation signed an agreement with the Vietnam Department of Education and Training to implement the Factory Model with a primary objective to reach more than 200 children living near the Hoa Khakh Industrial Zones in Da Nang, Vietnam. The Foundation is working with local partners to implement the Factory Model in Vietnam, with a primary objective to reach more than 200 children and to hire 143 teachers to the program and hired 32 teachers in Phase I.

### Note 2: Significant Accounting Policies

As part of its effort toward expanding and newly created programs, the Foundation changed its operating name to Half the Sky Foundation, Inc. DBA OneSky, effective January 1, 2016. At that date and through December 31, 2017, the change did not impact the name of the legal entity, and as such the audited financial statements will continue to present the name Half the Sky Foundation, Inc. Subsidiaries converted to OneSky in 2018, the legal entity name for all children’s centers.

**Principles of Consolidation**: The accompanying consolidated financial statements include the accounts of the Foundation and its supporting organizations. Inter-organization transactions and balances have been eliminated upon consolidation.

**Foreign Currency**: Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect on reporting dates, and revenue and expenses are translated at the average rates in effect on transaction dates. A significant amount of the Foundation’s expenses were paid for using the Chinese renminbi for the years ended December 31, 2016 and 2017. Translation gains or losses are included in the consolidated financial statements in the year of the transaction.

**Use of Estimates**: The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses reported during the reporting period. Actual results could differ from these estimates.

**Basis of Presentation**: The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred.

The financial statement presentation follows the guidance of Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification (ASC) 958 – 205, Not-for-Profit Entities – Presentation of Financial Statements (ASC 958 – 205). In addition, the Foundation is preparing its financial statements in conformity with the requirements of ASC 958 – 605, Not-for-Profit Entities – Revenue Recognition, regarding its financial position and activities classified as permanently restricted, temporarily restricted, or unrestricted net assets. The accompanying consolidated financial statements present classifications of these net assets to be presented in the consolidated statements of activities and changes in net assets.

Unrestricted Net Assets - Unrestricted net assets have no donor-imposed restrictions and include those revenues and expenses associated with program and supporting services. The Board of Directors has designated certain unrestricted net assets to be used for certain purposes. As of December 31, 2017 and 2016, the Foundation designated assets totaling $932,888 and $53,328, respectively.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are limited in use by the Foundation in accordance with donor stipulations, which are designed to ensure that contributions that are satisfied and satisfied by the actions of the Foundation according to the terms of the contribution. Upon satisfaction of such stipulations, net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

Permanently Restricted Net Assets - Permanently restricted net assets are held for investment in perpetuity, such as endowments. The income from such invested assets is available to support the activities of the Foundation. As of December 31, 2017 and 2016, the Foundation held no permanently restricted net assets.

**Cash and Cash Equivalents**: Cash and cash equivalents consist primarily of highly liquid investments purchased within three months or one year. Cash and cash equivalents are carried at cost which approximates fair value.

**Credit Risk**: The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market fund cash balances. Cash balances may exceed the Federal Deposit Insurance Corporation (“FDIC”) limits from time to time. At December 31, 2017, the Foundation held a total of $2,773,788 and $2,004,872, respectively. Of the total bank balances, $324,681 was held at one financial institution.

**Permanently Restricted Net Assets**: Permanently restricted net assets with the change in each of the reported amounts are reported at their net present value.

**Pledges Receivable**: The Foundation evaluates the collectability of its pledges receivable on an ongoing basis and records a reserve for potential uncollectible pledges receivable.

**Property and Equipment**: Acquisitions of property and equipment in excess of $500 are capitalized. Purchased property and equipment are stated at cost. Property and equipment are amortized over their useful lives using the straight-line method.

**Impairment of Long-Lived Assets and For-Long-Lived Assets to Be Disposed Of**: The measurement of an impairment loss will be recognized in circumstances that indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows, excluding interest, expected to be generated by the asset. If such cash flows are not considered to be adequate, then the asset is considered to be impaired.

**Unrestricted Net Assets**: The impairment is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset (fair value determined by discounted cash flow market comparison, or replacement cost). Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Assets that have been determined to be impaired as of December 31, 2017 and 2016.

**Inventory**: Inventory consists primarily of merchandise sold in the Foundation’s on-line store and is stated at the lower of weighted average cost or market value.

**Revenue Recognition**: Contributions are recognized as revenue when they are received or unconditionally promised as prescribed by ASC 958 – 605, Not-for-Profit Entities – Revenue Recognition. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulates that a contribution be used only within a specific period of time, when a stipulated time restriction ends or the purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets with the release of the restriction on the assets. In some cases, some or all of these promises to give are not recorded as contributions until the conditions on which

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*This response is a partial transcription of the document, focusing on the key points and omitting repetitive or redundant information.*
they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period as the revenue generating event are reported as temporarily restricted contributions and net assets released from restrictions as donor restrictions are met. The Foundation recognizes revenues from on-line store sales upon the sale of merchandise.

Contributed Services and Materials

Contributed services and materials are recognized at the greater of the fair value of the contributed services or the cost of the donated resources, in accordance with ASC 605 – 60. The Foundation received and recorded contributions of $237,987 for the year ended December 31, 2017 and 2016, with estimated fair values of $167,745 and $340,363, respectively.

Contributed goods are recorded at estimated fair value at the date of receipt and amounted to $233,164 and $152,165 for the years ended December 31, 2017 and 2016, respectively.

Income Tax Status

The Foundation has been recognized as an organization exempt from tax pursuant to Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as a private foundation, as defined under Section 4947(a)(1) of the Code. The Foundation received and recorded contributions of $185,569 and $30,412 at December 31, 2017 and 2016, respectively, were expected to be collected within one year. There were no long-term pledges receivable at December 31, 2017 and 2016.

The Foundation has received notification of various conditional pledges. These pledges for which the conditions have not yet been substantially met are not included as revenues and are not included in total revenue in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31, 2017 and 2016. There were conditional promises to give of $250,000 and $675,000 as of the years ended December 31, 2017 and 2016, respectively.

The Foundation has received notification of various conditional pledges. These pledges for which the conditions have not yet been substantially met are not included as revenues and are not included in total revenue in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31, 2017 and 2016. There were conditional promises to give of $250,000 and $675,000 as of the years ended December 31, 2017 and 2016, respectively.

NOTE 3 – PLEDGES RECEIVABLE, NET

Pledges receivable represent unconditional promises to give by donors and are recorded at fair value. The amount of $141,547 and $156,442 recorded at December 31, 2017 and 2016, respectively, were expected to be collected within one year. There were no long-term pledges receivable at December 31, 2017 and 2016.

The Foundation has received notification of various conditional pledges. These pledges for which the conditions have not yet been substantially met are not included as revenues and are not included in total revenue in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31, 2017 and 2016. There were conditional promises to give of $250,000 and $675,000 as of the years ended December 31, 2017 and 2016, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

<table>
<thead>
<tr>
<th>Property and Equipment</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 197,834</td>
<td>$ 185,569</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>40,153</td>
<td>42,141</td>
</tr>
<tr>
<td>Total</td>
<td>237,987</td>
<td>227,722</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(208,942)</td>
<td>(195,310)</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>$ 28,045</td>
<td>$ 30,412</td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to $33,632 and $11,160, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were released from certain provisions of 2017. The following table sets forth the balance of temporarily restricted assets at December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChinaCHENG program</td>
<td>$ 18,038</td>
<td>$ 18,038</td>
</tr>
<tr>
<td>Hangzhou program</td>
<td>5,273</td>
<td>45,735</td>
</tr>
<tr>
<td>Rainbow program</td>
<td>15,962</td>
<td>28,281</td>
</tr>
<tr>
<td>General China programs</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Shenzhen program</td>
<td>21,623</td>
<td>1,935</td>
</tr>
<tr>
<td>Tianjin and Shenyang programs</td>
<td>24,201</td>
<td>24,201</td>
</tr>
<tr>
<td>Huazhou program</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Hu’an, Kunming and Rainbow training programs</td>
<td>623,711</td>
<td>644,460</td>
</tr>
<tr>
<td>Nanchang program</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Nanjing program</td>
<td>127,362</td>
<td>134,492</td>
</tr>
<tr>
<td>Tai’an training program</td>
<td>15,380</td>
<td>233,380</td>
</tr>
<tr>
<td>Shenzhen program</td>
<td>2,568</td>
<td></td>
</tr>
<tr>
<td>Tai’an seed program</td>
<td>17,457</td>
<td></td>
</tr>
<tr>
<td>Tianjin and Shenyang programs</td>
<td>24,201</td>
<td></td>
</tr>
<tr>
<td>Vietnam program</td>
<td>214,121</td>
<td></td>
</tr>
<tr>
<td>Village program</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Wuhan, Hefei and Rainbow training programs</td>
<td>47,460</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Unrestricted donation – time restricted</td>
<td>860</td>
<td>7,665</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$2,920,441</td>
<td>$2,926,075</td>
</tr>
</tbody>
</table>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from donor restrictions by incurring expense satisfying the purpose of the restriction or by the passage of time during the year ended December 31, 2017:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChinaCHENG program</td>
<td>$ 18,038</td>
</tr>
<tr>
<td>Hangzhou program</td>
<td>43,335</td>
</tr>
<tr>
<td>Rainbow program</td>
<td>62,900</td>
</tr>
<tr>
<td>Children film project</td>
<td>18,000</td>
</tr>
<tr>
<td>China Orphanage program</td>
<td>72,946</td>
</tr>
<tr>
<td>General China programs</td>
<td>500,000</td>
</tr>
<tr>
<td>Dapu program</td>
<td>15,962</td>
</tr>
<tr>
<td>Guangzhou program</td>
<td>5,273</td>
</tr>
<tr>
<td>Guangzhou training programs</td>
<td>365,200</td>
</tr>
<tr>
<td>Hangzhou program</td>
<td>76,248</td>
</tr>
<tr>
<td>Huazhou program</td>
<td>125,000</td>
</tr>
<tr>
<td>Hu’an, Kunming and Rainbow training programs</td>
<td>623,711</td>
</tr>
<tr>
<td>Nanchang program</td>
<td>7,917</td>
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<td>860</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$2,926,075</td>
</tr>
</tbody>
</table>

As of December 31, 2017, the Foundation’s future minimum lease payments
Years Ending
December 31, Amount
2018 $132,562

Contingencies: The Foundation is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Foundation.

NOTE 8 – EMPLOYEE BENEFIT PLANS
In January 1, 2009, the Foundation created a 401(k) plan, covering all employees who meet certain eligibility requirements. Under the 401(k) plan, employees may elect to contribute a certain percent of their eligible compensation to the 401(k) plan, subject to IRS limitations. The Foundation may make matching contributions during the year equal to a discretionary percentage, as determined by the Board of Directors, subject to IRS limitations. Employer contributions vest at the rate of 20% per year with full vesting after 6 years of service with the Foundation. Total contributions made to the retirement plans by the Foundation for the years ended December 31, 2017 and 2016 were $64,979 and $56,669, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS
For the years ended December 31, 2017 and 2016, recorded contribution revenue from members of the Board of Directors of Half the Sky Foundation or companies or individuals with which the Board of Directors are affiliated were $1,662,987 and $1,322,248, respectively.

NOTE 10 – AFFILIATED PARTIES
Half the Sky Foundation Australia Limited ("Australia Ltd"), an affiliate of the Foundation, was incorporated in Victoria, Australia in May 2009. It has a joint development project with Peking University School of Law and the Australian Law. Australia Ltd contributed $816,000 and $689,329 to the Foundation in the years ended December 31, 2017 and 2016, respectively. Half the Sky Foundation ("Canada") Inc., another affiliate of the Foundation was incorporated in Canada in June 2009. Half the Sky Foundation ("Canada") Inc. contributed $54,181 and $11,772 to the Foundation in the years ended December 31, 2017 and 2016, respectively.

NOTE 11 – MAJOR CONTRIBUTIONS
The Foundation had four donors whose combined contributions totaled more than 32% and 29% of total contributions for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 – COOPERATION AGREEMENT
In early 2008, the Foundation entered into a cooperation agreement with the Ministry of Civil Affairs of the PRC ("MCA") known as the "Blue Sky Plan." Under this agreement, the Foundation works with the MCA to establish cooperative model centers and to develop relevant care and education programs in each of the provinces in the PRC.

In July 2015, the Foundation entered into the "OneSky Ye-County Project" agreement with the Civil Affairs Bureau of County and the Henan Social Welfare Association in order to fund the Village Program at the Ye-County (of the Henan Province). Under this agreement, the Foundation works with the Chinese partners to establish Family-Skills Program and Early Childhood Development Centers designed to mitigate the damage to children under 6 years old, who are left without nurturing, responsive care during their most critical early years.

In April 2016, the Foundation signed an agreement with the Vietnam Department of Education and Training (DOET) to collaborate on a groundbreaking project to implement the Factory Model, with a primary objective to reach more than 200 children living near the Hoa Khanh Industrial Zones in Da Nang, Vietnam. The project's first Early Learning Center opened in September 2017.

NOTE 13 – COOPERATION WITH CHBAF
Beginning in September 2012, a Chinese fund-raising organization called ChunHui Bo Ai Children’s Foundation (CHBAF) was established with objectives similar to those of the Foundation. Currently, the Foundation provides support and assistance to CHBAF on an interim basis, to help CHBAF operate programs for disadvantaged children throughout China to similar standards as programs operated by the Foundation.
Unlocking the potential of our world’s vulnerable children