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

And we call you that because you – our partners and donors – you are our family. Every child who benefits from our OneSky programs has many dozens of aunties and uncles they may never meet. A family that transforms the lives of hurt children: that’s you. Because of you, OneSky has the great pleasure of making miracles happen every day.

Honestly, we can’t think of a better way to have spent the past 20 years!

Our OneSky story began with one small child—one child with a bad luck beginning… a child just like the many thousands we serve today. And then another followed. And another. And then hundreds of thousands of little miracles. Miracle lives transformed by the power of loving care.

But even as we revel in our glorious past, let’s also celebrate what hasn’t happened yet. The promise of a bright future, that with all of us working together, OneSky will deliver.

We know that all young children need the same things, and the younger we can reach them, the better – the children taught us that. And they taught us how important it is to share all we’ve learned as widely as possible. There’s nothing out there – at least not in the developing world – that’s quite like OneSky. No one else is looking to make large scale change by teaching thousands how to impact the lives of millions.

Our first step beyond orphanage walls was to work with left-behind children in China’s rural villages. China’s left-behind children taught us that, besides training teachers and caregivers, we must find a way to do what we can to support families, to help keep them together and strong. Children may get by in difficult circumstances. But only when families are whole and healthy, can we ensure that every child has a caring adult in her life and a chance to reach her potential.

And so, in 2017, we brought our work to Vietnam, where migrant factory workers bring their children down from the mountain villages, and where OneSky now teaches caregivers how to provide quality early learning and care to thousands of young children.

In 2018, with support from a generous donor, OneSky launched a small pilot program in Mongolia’s capital city, where thousands of once-proud nomadic families are living in encampments, exposed to harsh conditions, and their children are failing to thrive. We began our work in one government day nursery. A small step, but, of course, we have hopes of eventually training all the nation’s caregivers.

Whether reaching out to children in orphanages, rural villages, industrial zones or urban encampments, none of this would have been possible without you.

Here’s to the past 20 years—and to all the children we plan to reach in the years ahead!

All our love and thanks,
second chance at childhood: at-risk children have a
our two decades of helping children and adults.
Here’s a brief look back at the impact on millions more
indirectly had a positive
reached close to
In the past 20 years, we have
circumstances.
children in many different
damage, vulnerable young
broken systems and practices
and how to gently transform
power to make a difference,
caregivers and give them the
welfare, how to train
responsible for children’s
together the adults who are
government, how to bring
how to win the trust of
the lives of hurt children—
about meaningful change in
taught us how to bring
At OneSky, experience has
OneSky for all children
38,000
caregivers and
180,000

1997

OneSky Milestones: Twenty Years of Helping at-Risk Children

Jenny and Richard Bowen
adopted their daughter, Maya, a toddler from a welfare
institution in southern China, and received
a first-hand education in the trauma of early neglect and institutionalization. Their new daughter suffered
from both physical and cognitive development delays, but after
lost one year of love, nurture, and individualized attention, Maya was transformed.

The first pilot programs—
developed by pediatricians and early childhood
practitioners to provide loving, responsive care and education to institutionalized young
children—were launched in two Chinese state-run orphanages.

OneSky established Its Loving Families
Program to provide permanent, caring
two-parent home for children whose physical
and developmental challenges make them
unlikely to be adopted.

The groundbreaking public/NGO/private partnership, The Rainbow
Program—to train child
welfare workers all over
China—was launched at
Beijing’s Great Hall of
People on Children’s Day.
The OneSky Approach
became China’s national standard for care of institutionalized children.

Harper Collins published
Jenny Bowen’s memoir
and history of Half the Sky, Wish You Happy Forever: What China’s Orphans
Told Me About Moving Mountains.

To reflect its broadened
mission of training communities and
caregivers to develop
OneSky-inspired programs for at-risk
children beyond those in China, Half the Sky
changed its name to
OneSky for all children.

OneSky began a small pilot
nursery program in Mongolia’s
capital city, where thousands of nomadic families had migrated
and their children were falling
to thrive. OneSky also launched the Campaign for All Children,
a fundraising effort for its
new home base and regional
training hub in Hong Kong,
slated to open in 2019.

ONESKY MILESTONES:

1997

Maya was transformed.
and individualized attention,
just one year of love, nurture,
developmental delays, but after
from both physical and cognitive
neglect and institutionalization.
Their new daughter suffered
education in the trauma of early
institution in southern China,
a toddler from a welfare
adopted their daughter, Maya,
Jenny and Richard Bowen
Half the Sky Foundation,
named for the Chinese
adage, “Women hold up
half the sky,” was founded
for the Chinese
Foundation, OneSky
published For the Children,
a training manual outlining
its proven approach to
nurture and education in
Hefei, Anhui Province, on
a national conference in
OneSky celebrated its fifth
anniversary by hosting
a national conference in
Hefei, Anhui Province, on
nurture and education in
China’s welfare institutions.
With support from the
Ford Foundation, OneSky
published For the Children,
a training manual outlining
its proven approach to
providing high-quality,
nurturing care for
institutionalized children.

OneSky Founder Jenny
Bowen was awarded the
Skoll Award for Social
Entrepreneurship, presented in Oxford,
England, by former US
President Jimmy Carter.
For the Beijing
that year, she was an
Olympic torchbearer—the
only American selected
by popular vote to run
the Olympic torch.
OneSky’s methods and
trainings were taken to
Vietnam, to provide
early learning and
daycare for the children of
migrant factory
workers in industrial
zones, where safe
and developmentally
appropriate daycare was
lacking.

1998

1999

2000

2002

2003

2005

2008

2011

2012

2014

2015

2016

2017

2018

OneSky for all children
OneSky for all children

THE ONESKY APPROACH FOR THE WORLD’S VULNERABLE CHILDREN

The OneSky Approach has proven effective and scalable, whether applied in Chinese orphanages and rural villages, Vietnamese home-based child-care settings, or day nurseries in Mongolia. By providing ongoing training, guidance and support, we build local capacity and enable our partners to adjust the programs to reach and help as many children as possible. The OneSky Approach is adaptable and can succeed wherever young children face adversity, especially in low-resource settings.

It is OneSky’s deep conviction that resources spent on human beings—on neglected children and the adults dedicated to caring for them—is an investment in everybody’s future. In changing young lives for the better, we have a chance to create a better world.

As we celebrate what we have accomplished, we must never forget the work yet to be done, the children yet to be reached.

A s OneSky marks its 20th anniversary, we look back on the transformation of nearly 180,000 young lives. Beginning in the orphanages of China in 1998, we have been working nonstop ever since, offering the best chance possible to once-forgotten children.

We believe that all children have unlimited promise, no matter their beginnings, their circumstances, or their challenges. We believe it is every child’s birthright to have full access to nurturing care and early education, especially in the formative years. No child should struggle alone.

For two decades now, we have developed and offered proven Early Childhood Care and Education (ECCE) strategies to help at-risk children grow and thrive. We have refined a combination of loving care and training expertise that succeeds. Our work is dedicated to nurturing the smallest and most vulnerable human beings among us, to assure them that someone cares, and to offer them the help they need to develop and flourish.

The OneSky Approach is focused on human beings, and relies on skilled and loving human interaction between children and those who care for them.

Four elements form the foundation of our work:

• Responsive care. Caregivers are attuned to children’s cognitive and emotional needs, observing them carefully and creating loving attachment. As children learn to trust, they maximize their chances of optimal development and well-being.

• Trained caregivers. OneSky emphasizes the critical need of all children to have the consistent presence of a loving adult in their lives. Professional training in responsive care and best practices for teachers and caregivers is offered in many settings and at many levels, adapted to different cultures and needs. Our training stresses the importance of relationships. The goal is to help neglected children reach their full potential, while also transforming the lives of the adults who care for them.

• A nurturing and safe environment. Nurseries and classrooms are designed to be safe, soothing and inviting, making children feel comfortable, engaged and at home. Everything in the environment is aimed at benefiting the children—from child-friendly surroundings; to caregivers and teachers who form close, loving relationships; to the use of materials and toys that are stimulating and developmentally appropriate.

• Supportive and collaborative partnerships. At all levels, in each place we work, cooperative relationships with governments, businesses and individuals allow us to expand our programs to reach as many children as possible. The ultimate aim is to transform social systems so that vulnerable children everywhere get the love, attention, and support they need.

The OneSky Approach has proven effective and scalable, whether applied in Chinese orphanages and rural villages, Vietnamese home-based child-care settings, or day nurseries in Mongolia. By providing ongoing training, guidance and support, we build local capacity and enable our partners to adjust the programs to reach and help as many children as possible. The OneSky Approach is adaptable and can succeed wherever young children face adversity, especially in low-resource settings.

As we celebrate what we have accomplished, we must never forget the work yet to be done, the children yet to be reached.
OneSky’s first programs began in the orphanages of China, transforming young lives with infant nurture and early learning programs designed especially for institutionalized children. The OneSky Approach proved so effective that China now uses it as the standard of care for children in all its social welfare institutions.

To date, OneSky has reached 104 institutions in all of Mainland China’s 31 provinces. Currently, in conjunction with Chinese government partners, OneSky is set to train every child welfare worker in the nation in its proven methods, and thus help institutionalized children reach their full potential.

OneSky’s work for orphaned children includes:

**THE ONESKY APPROACH FOR ORPHANED CHILDREN**

**INFANT NURTURE**

The OneSky emphasis on responsive care is designed to maximize the gains children make in the formative earliest years of life. Local community women are trained to provide this important nurture and developmental expertise. Each woman cares for three or four babies that she regards as her own.

**PRESCHOOL**

OneSky’s early childhood educators use a unique and progressive curriculum that fosters cognitive, physical, language and social-emotional development. Children are helped to develop a healthy sense of self, so often missing in institutionalized children.

**LOVING FAMILIES**

With the support of OneSky, married couples who have already raised a family provide a stable, caring family home, parenting children whose physical, emotional or cognitive challenges may preclude their adoption.
A Loving Families First: Meet Our Stay-at-Home Dad

In OneSky’s Loving Families Program, married couples devote themselves to three to five children with special needs, creating warm supportive new families, where the children live in a home with a mom and a dad. Sometimes the father is still working, so when there’s just one person caring for the children all day, it’s almost always the mother. That’s why OneSky’s family mentor was surprised—and a little skeptical—when a husband, *Yasheng, applied to be a stay-at-home dad. Yasheng, who had been working full-time as a carpenter, and his wife *Lanjuan, who was at the time a full-time mom, were already doing a wonderful job as foster parents for four children with special needs. But if Yasheng also stayed home as a full-time parent, that would allow adding four more special-needs children to the family.

“My first thought was eight children—impossible!” recalls OneSky’s family mentor. She admits she was slipping into a stereotype, but she wasn’t sure that Yasheng, or any male, had the temperament for round-the-clock parenting.

“People who take this job have to have tons of patience, not only because children are demanding,” she said, “but also because it is even more difficult parenting children with special needs.”

Nevertheless, OneSky staff decided to take a chance on the eager dad-to-be. And it worked! Yasheng has proven to be a supportive, inventive and fun-loving foster father. Now he and his wife both are fulltime parents to seven girls and one boy, ranging in age from 2 to 12, whose special needs include cerebral palsy, congenital heart disease and Down syndrome. Yasheng says his guiding principle—underscored by OneSky’s foster parent training—is, “Children should be treated with kindness from the bottom of our hearts.”

OneSky could not be prouder of this patient and devoted stay-at-home dad!

**FUTURE GOALS**

To establish a OneSky Demonstration Center in every Chinese province by 2022.

To reach every orphanage in China by 2030.

**ORPHANAGE PROGRESS IN 2018**

Launched the Empowerment Initiative for orphanages, creating Demonstration Centers to support other welfare institutions in the province.

In conjunction with our Chinese sister organization, Chunhui Children, continued to help smaller orphanages create programs of their own through the Seed Center Initiative. This past year, two new Seed Centers were begun.

Evaluated our work in 31 institutions, including nine Demonstration Centers and 22 Seed Centers.

Expanded the National Training Program to two new provinces.

Held 36 training sessions, including three primary trainings, four secondary trainings, and 26 refresher trainings.

Held special education trainings for mentors, to increase inclusion of special needs children in appropriate daily activities and classes.

Created a Demonstration Center to model appropriate care and education techniques for use with children who have special needs.
In 2015, OneSky began work in the troubled rural villages of China. Staggering numbers of children—including 2.5 million 5 years old and younger—had been left behind as parents from impoverished areas went off to work in distant cities. The children, in the care of grandparents and other relatives who struggled just to feed them, became China’s “economic orphans.” The grandparents, too, were suffering, and community life in the villages was falling apart.

OneSky began offering early learning and individual help to village children, support and training in responsive care for the grandparents and other caregivers, as well as community-building activities. Local women, who might otherwise have left for city jobs, were trained and employed as teachers and family mentors. That meant they could remain in the village and work with the children—helping poor, rural communities become viable again.

OneSky’s work in China’s villages includes:

### The OneSky Approach for Children Left Behind

#### Family Skills

Primary caregivers, mostly grandparents, are offered training in responsive care, attachment and bonding, brain development and stimulation, and communications skills, to help the children in their care. Training takes place at the OneSky Family Center, as well as during weekly home visits.

#### Preschool

A child-centered curriculum is offered to children aged 3 to 6, regardless of ability to pay. The program emphasizes responsive care, aimed at improving cognitive and social-emotional development, and preparation for primary school.

#### Community Engagement

To give struggling grandparents respite, and to encourage other village residents to help out and care for the children, OneSky holds trainer-facilitated village gatherings. Community activities, including gardening and other projects, are encouraged and supported, to get villagers working together again.
When 5-year-old Xiaoming first joined OneSky’s village preschool, he kept to himself. While the other children in class talked and giggled, he sat alone, always quiet and often sleepy. No wonder. Not only was Xiaoming small for his age and withdrawn, he was carrying adult responsibilities on his thin shoulders.

When he was still a baby, Xiaoming’s mother had abandoned the family because of their poor financial situation. Since then, his grandmother had cared for him. The little boy’s dad was rarely at home, working outside the village to support the family.

At first, Xiaoming’s grandmother planned to raise some chickens and ducks to supplement the family’s meager income, but her poor health ruled that out. Having suffered from severe rheumatic disease for almost three decades, her limbs were deformed and it was very difficult for her to walk, or dress herself. She could barely get out of bed, let alone care for a flock.

Despite his small stature and young age, Xiaoming volunteered to step in for his grandmother. Each day after school, he fed the chickens and ducks and filled their water dishes. He also helped his grandmother take her medicine, get dressed and undressed, and he even emptied her bed pan. The little boy’s constant refrain to his grandmother was, “Grandma, please relax. I will take care of you.”

When Xiaoming’s teacher, Cao Yan, learned of his family situation, she paid extra attention to him, using all she had learned in her OneSky training to help him become more comfortable. The big breakthrough came when Cao Yan noticed one day that Xiaoming was happily engaged, painting a picture. So she encouraged him, pleased to see how talented he was and how happy he was with a paint brush in his hand.

Xiaoming still cares for his ailing grandmother, but now he’s also enjoying his art work and playing with new friends. Although the boy’s father is still busy farming outside the village most of the time, when he has visited, he has been amazed and deeply touched by his son’s progress. He always makes a point of thanking his son’s teachers for their good work and care. And, of course, Xiaoming’s grandmother is delighted that he is doing well at school. “I am so grateful to my grandson’s teachers,” she says.

FUTURE GOALS

Work with Chinese government partners to expand village work across China.

Reach more than 2.5 million children in 128,000 villages in 585 government-designated rural “poverty counties.”
A

s rural people in Vietnam have been forced to migrate to urban factory jobs in recent years, they brought their children along—1.2 million young ones in all—only to find no safe, affordable daycare available in the areas where they work.

That meant some 10,000 children under the age of 6, in Da Nang’s Hoa Khanh Industrial Zone alone, lacked proper daytime care. For children 1 to 6 years old, state-run kindergarten existed, but migrant workers were either ineligible due to lack of residency status or couldn’t afford it. Instead, an overcrowded and expensive industry of unregulated and untrained home-based daycare providers sprung up.

To offer a safe and stimulating alternative for migrant children and bring peace of mind to their parents, OneSky launched its first Early Learning Center (ELC) in 2017, in the Hoa Khanh Industrial Zone. Working closely with our partners—including the Ministry of Education and Training and the local trade union—the ELC provides safe, child-centered care to migrant children, 6 months to 6 years old. By 2018, several hundred children had been enrolled.

OneSky’s trained teachers follow a curriculum especially adapted for the needs of children in Vietnam. The program offers developmentally appropriate care, creative play and music, and a stimulating environment to promote children’s cognitive, physical, language and social-emotional development.
When *Nhat was 14 months old, while both his parents were hard at work, he was sitting, silent and bored, in a dismal room with other children whose parents were also employed in one of Vietnam’s industrial zones. Both his parents worked and had no choice but to send him to a home-based day care center. There, he joined the other listless children, lined up on stools, staring at a small TV screen all day. Two untrained caregivers were in charge of 30 children.

Nhat’s development was stalled. At 15 months old he couldn’t crawl. At 2½-years-old, he could barely say a word. He faced other problems, as well—congenital drooping eyelids that caused vision problems, and a chest wall deformity that caused breathing difficulties and made his speech hard to understand.

That all began to change when Nhat’s parents were able to enroll him in OneSky’s Early Learning Center. At first, when other children came near him, he cried. But, his teachers noticed what made Nhat perk up: picture books, especially those about animals. As his teacher read aloud, Nhat was soon following along, running his little fingers over the pictures and names of each animal. Then he began to repeat the names.

After just seven months, his teachers noted that he had made an astonishing turnaround. He was laughing and playing. He was even dancing, and he announced that he wanted to learn English.

Although his speech was still hard to understand, Nhat surprised his teachers and parents with his incredible memory. From a boy who could barely talk, he soon knew more numbers, letters and names of animals than any other child in the class.

“Seven months ago, I dared not dream that I would ever see him playing and dancing with his friends so confidently,” said his father. “I have never felt so proud of my son.”

VIETNAM PROGRESS IN 2018

Provided services for 252 children, aged 6 months to 6 years, in the Early Learning Center.

Recruited and trained 80 home-based care providers in the Hoa Khanh Industrial Zone to deliver quality care.

Launched a website, called 1BigFamily, where home-based daycare providers can expand on what they learn in class and create a learning community with their peers.

FUTURE GOALS

Train an additional 540 home-based care providers in the Da Nang area factory districts and two other provinces.

Continue to grow the newly launched e-learning platform for early childcare teachers and trainers, to better serve an increasing number of children.

Based on the success of our work in Da Nang, Vietnam’s Ministry of Education and Training has asked OneSky to scale our programs to 19 additional provinces.
From a once pastoral way of life, Mongolia’s rural nomads have in recent years migrated by the thousands to the country’s one major metropolis, Ulaanbaatar. Forced by extreme weather conditions and hardship to leave their traditional life, the families have wound up in crude sprawling urban settlements of ger—temporary yurt-like structures. Conditions are dismal, and most public services—running water, waste collection—are nonexistent.

Most critically lacking are opportunities and services for thousands of children, as Mongolia’s government struggles to help new arrivals who live on the edge. Surrounded by a crumbling culture, unemployment, alcoholism, and a lack of community, children wind up neglected, malnourished, and alone—dreadfully in need of safe and loving care. Ulaanbaatar has only three state-run facilities to care for children at risk under the age of three. Such nurseries provided nutrition and medical help, but lacked any programs to address children’s social and emotional needs.

When OneSky received a request for help, a pilot program was launched to transform one of the state-run nurseries, known as Nursery 40. There, the OneSky Approach was adapted to benefit very young children who are failing to thrive. OneSky trained staff in its proven method of responsive, nurturing care; adapted learning materials to be culturally appropriate; and supplied new toys. Additionally, staff from other local nurseries were able to join in and benefit from the training.

Today, Nursery 40, with its rooms full of active, engaged children, serves as an example of what can be done for Mongolia’s vulnerable young ones—and for at-risk children anywhere, whatever the setting or conditions.
Four months is a long time in the life of a little child, and *Naran has made the most of those months—a time when a child’s brain can develop at astonishing speed. With attentive care and stimulation, small children show amazing changes during their earliest years—learning language, becoming more physically coordinated, coming to trust other people, learning to play.

When Naran came to OneSky’s pilot nursery in Ulaanbaatar, she was just 16 months old, and—as is often true of neglected children—lagging behind. She didn’t know how to feed herself and cried helplessly until her teacher fed her. Naran avoided the other children and was often in tears.

Her family life had been more than difficult. From a nomadic existence in a remote area, they had come to the bustling, but troubled, city of Ulaanbaatar. In such conditions, the children suffer most—malnourished and often on their own. Fortunately, when Naran’s family settled in, her father had a job with the military—but her mother was still looking for work.

When Naran got to the OneSky pilot nursery, her teachers, trained to know how responsive, loving care can help a child, held Naran, talked with her, and reassured her. Four months later, the OneSky Approach had begun to work its magic. Naran was now smiling and making sounds.

Naran’s family—her mother, father, and two brothers—all noticed the big change in their smallest family member. In just four months, Naran had learned to feed herself, and was playing games with the other children.

Now that Naran was attending OneSky’s nursery every day—and smiling when she came home!—everyone in her family was feeling a glimmer of hope. Each day, they looked forward to seeing new progress.

Imagine how happy her family was when Naran began to try out some words. Mama, she said. And then a few more words: mine, and no. And, perhaps most promising of all, she surprised everyone one day by saying yet another new word: teacher!
We would like to extend a heartfelt thanks to all of our corporate and foundation partners 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.

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GROUNDBREAKING SUPPORT FOR CHINA’S ECONOMIC ORPHANS

THANKS TO A WONDROUSLY GENEROUS, MULTYEAR GRANT FROM IKEA FOUNDATION, ONESKY WAS ABLE TO ENSURE THE FUTURE FOR CHINA’S “ECONOMIC ORPHANS”. THE 2.5 MILLION CHILDREN UNDER 5 YEARS OLD WHO ARE LEFT BEHIND IN IMPOVERISHED VILLAGES WHEN THEIR PARENTS HAVE TO MIGRATE TO BIG CITIES TO FIND WORK. IKEA FOUNDATION WAS AN EARLY LEADER NOT ONLY IN SUPPORTING OUR PILOT PROGRAM, BUT ALSO IN RECOGNIZING THE SCALE OF THE PROBLEM IN CHINA’S RURAL VILLAGES, WHERE UP TO 85 PERCENT OF PARENTS HAVE MIGRATED AWAY FOR WORK. IKEA FOUNDATION HELPED TO MAKE SURE VULNERABLE CHILDREN IN RURAL CHINA HAVE A SAFE PLACE TO CALL HOME, ACCESS TO QUALITY EARLY EDUCATION AND A COMMUNITY OF ENGAGED CAREGIVERS.

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TAX Revenue from US companies and individuals making gifts to qualified charitable organizations

WE LOOK FORWARD TO CONTINUING TO WORK WITH OUR PARTNERS TO IMPROVE THE LIVES OF VULNERABLE CHILDREN Around the World.
MATT DAIJO
CEO and Chief of Product, Endless Mobile
In 2000, at the age of 16, Matt founded China Care Foundation to help orphaned children with special needs in China, and currently serves as President of its Board. He is a graduate of Harvard University and holds an MBA from the Stanford Graduate School of Business.

TOM HUXLEY
Chairman, Mandarin Shipping Limited
Tom has spent his entire working life in the shipping industry starting as a trainee shipbroker with Clarkson in 1982 after graduating from Edinburgh University. The former CEO of the International Maritime Transport Holdco Ltd and Managing Director of Clarkson Asia Ltd, Tom has also served as Vice Chairman of the Hong Kong Shipowners Association and is a regular commentator on shipping issues.

DANA JOHNSON, MD, PhD
Professor Department of Pediatrics, University of Minnesota
Dana is a professor at the University of Minnesota where he co-founded the International Adoption Medical Clinic. His research interests include the effects of early institutionalization on growth and development and the outcomes of internationally adopted children. He has two birth daughters, three stepdaughters and an adopted son from India.

STELLA LEE
Silicon Valley Private Investor
Stella is a retired biostatistician living in Silicon Valley who travels regularly to Asia. She holds a Master’s Degree in statistics from Stanford University and pursues her passion for bettering the lives of children by volunteering at low-income schools in the Ravenswood City School District and supporting the Ravenswood Education Foundation.

JENNY BOWEN
Founder and CEO, OneSky
A former screenwriter and filmmaker, Jenny founded Half the Sky (now OneSky) in 1998 to give abandoned children in China’s institutions. She is the recipient of many awards, including the Skoll Award for Social Entrepreneurship, and serves on China’s National Committee for Orphans and Disabled Children.

GUY RUSSO, CHAIRMAN
Founder, The Peter Bennett Foundation
Guy joined Kmart Australia in 2008 as Managing Director and was the CEO of the Kmart Australia, held international roles in Asia, and was President of the Fossil Group, Inc. & Managing Director, Fossil (East) Ltd. From 2014 to 2016, he was CEO of The Peter Bennett Foundation, an asset management business focused on impact investing, and prior to founding the Peter Bennett Foundation, he was Managing Director and CEO in 1999. He served as President, McDonald’s Corporation from 2000-2017.

RANDY C. BELCHER
Chief Executive Officer, Radius
Randy is responsible for leading Radius Group’s commercial sales and distribution businesses in the Asia Pacific region and the global supply chain operations based in Asia. He is also responsible for leading the company’s global sustainability programs. Besides OneSky, he currently sits on the boards of the Food Foundation (Chairman) and Helen Keller International and informally consults with social businesses in Hong Kong.

PETER C. BENNETT
Founder, The Peter Bennett Foundation
Prior to establishing his foundation, Peter started his career at IBM, then established Bennett O’Shea, a residential property investment and management company, and Gottex Fund Management. The Peter Bennett Foundation supports charitable and social impact development in China, Southeast Asia, and Hong Kong.

DEANNE BEVAN
CEO (Volunteer), OneSky Australia Ltd
Deanne served as Senior Vice President, Human Resources and Training management company, and Gottex Fund Management. The Peter Bennett Foundation supports charitable and social impact development in China, Southeast Asia, and Hong Kong.

STEWART W. COX
Executive Vice President - Asia Pacific, Fossil Inc.
Stewart is responsible for leading Fossil Group’s commercial sales and distribution businesses in the Asia Pacific region and the global supply chain operations based in Asia. He is also responsible for leading the company’s global sustainability programs. Besides OneSky, he currently sits on the boards of the Food Foundation (Chairman) and Helen Keller International and informally consults with social businesses in Hong Kong.

JAL S. SHROFF, J.P.
Former Director, Fossil Group, Inc. & Managing Director, Fossil (East) Ltd.
Born in Shanghai, Jal is a long-time resident of Hong Kong, where he lives with his wife Pern. In addition to his distinguished business career, Jal is a prominent business leader. He served as director of Vision 2017, was Chairman of the Executive Committee of the English Schools Foundation and President of the Knockout Cricket Club.

F. CHAPMAN TAYLOR
Senior Vice President, Corporate Research International
Jenny champions the board of For Love of Children, MicroMentors and Kayra Saldana Empat in Indonesia. He and his wife, Grace Boyer Tayl, live in Washington DC.

ZILI ZHANG
Founder and Managing Director of Summiview Capital Management Ltd.; former principal at Somas Capital Management LLC in New York, and a Vice President at Chun’s leading investment banking and brokerage firm Guttajavan Securities in Shanghai. He earned an MBA from the Wharton School of the University of Pennsylvania and a BA from the Shanghai University of Finance and Economics.

JENNY BOWEN
Founder and CEO, OneSky
A former screenwriter and filmmaker, Jenny founded Half the Sky (now OneSky) in 1998 to give abandoned children in China’s institutions. She is the recipient of many awards, including the Skoll Award for Social Entrepreneurship, and serves on China’s National Committee for Orphans and Disabled Children.

JOHN CHAPMAN
Executive Director, Mandarin Shipping
John is a graduate of Harvard University and holds an MBA from the Stanford Graduate School of Business.

STEPHEN CHIPMAN
Chief Executive Officer, Radius
Prior to joining Radius, Stephen was CEO of 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 and lives near Chicago with his wife and two daughters adopted from China.

LISA NORTON
Law Office of Lisa Norton PLLC (retired)
Lisa is a retired attorney and author of How to Be A Global non-profit: Legal and Practical Guidance for International Activities. After many years in the corporate sector, Lisa devoted a decade to writing the legal needs of non-profit organizations and now runs several non-profit boards. Lisa and her husband, Harvey, are the parents of four children, two of whom were adopted from China.

JAL S. SHROFF, J.P.
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To the Audit Committee and Board of Directors

OneSky Foundation and Subsidiaries
Berkeley, California

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of OneSky Foundation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses 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.

Emphasis of Matter
As discussed in Note 1 to the consolidated financial statements, OneSky Foundation and Subsidiaries has adopted ASU 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OneSky Foundation and Subsidiaries as of December 31, 2018 and 2017 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.

Crowe LLP
Sacramento, California
June 4, 2019

Consolidated Statements of Financial Position
OneSky Foundation and Subsidiaries, December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,562,211</td>
<td>$ 4,388,183</td>
</tr>
<tr>
<td>Pledges receivable, net (Note 3)</td>
<td>415,536</td>
<td>189,544</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10,849</td>
<td>19,707</td>
</tr>
<tr>
<td>Prepaid program expenses</td>
<td>81,593</td>
<td>68,668</td>
</tr>
<tr>
<td>Inventory</td>
<td>38,629</td>
<td>39,065</td>
</tr>
<tr>
<td>Property and equipment, net (Note 4)</td>
<td>450,385</td>
<td>29,045</td>
</tr>
<tr>
<td>Deposits</td>
<td>161,344</td>
<td>28,909</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 4,720,547</td>
<td>$ 4,763,121</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$273,127</td>
<td>$103,792</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>107,266</td>
<td>87,448</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>380,393</td>
<td>191,240</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>1,477,453</td>
<td>1,641,512</td>
</tr>
<tr>
<td>Board-designated</td>
<td>9,928</td>
<td>9,928</td>
</tr>
<tr>
<td>Total net assets without donor restrictions</td>
<td>1,487,381</td>
<td>1,651,440</td>
</tr>
<tr>
<td>With donor restrictions (Note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net assets</td>
<td>2,852,773</td>
<td>2,920,441</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$ 4,720,547</td>
<td>$ 4,763,121</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
## Consolidated Statements of Activities and Changes in Net Assets

### OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains and support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions (Notes 9, 10 and 11)</td>
<td>$3,943,918</td>
<td>$5,058,539</td>
</tr>
<tr>
<td>Contributed services and materials</td>
<td>396,850</td>
<td>396,850</td>
</tr>
<tr>
<td>Merchandise sales</td>
<td>2,859</td>
<td>2,859</td>
</tr>
<tr>
<td>Other income</td>
<td>42,335</td>
<td>42,335</td>
</tr>
<tr>
<td>Other income</td>
<td>42,335</td>
<td>42,335</td>
</tr>
<tr>
<td><strong>Total revenues, gains and other support:</strong></td>
<td>$9,512,169</td>
<td>(67,668)</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>26,521</td>
<td>26,521</td>
</tr>
<tr>
<td>Other program services</td>
<td>7,306,267</td>
<td>7,306,267</td>
</tr>
<tr>
<td><strong>Total program services:</strong></td>
<td>$7,306,267</td>
<td>$7,306,267</td>
</tr>
<tr>
<td><strong>Fundraising:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>3,255</td>
<td>3,255</td>
</tr>
<tr>
<td>Other fundraising</td>
<td>1,452,091</td>
<td>1,452,091</td>
</tr>
<tr>
<td><strong>Total fundraising:</strong></td>
<td>$1,455,346</td>
<td>$1,455,346</td>
</tr>
<tr>
<td><strong>Management and general (Notes 7 and 8):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>242,201</td>
<td>242,201</td>
</tr>
<tr>
<td>Other management</td>
<td>670,888</td>
<td>670,888</td>
</tr>
<tr>
<td><strong>Total management and general:</strong></td>
<td>$913,089</td>
<td>$913,089</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td>$9,676,228</td>
<td>$9,676,228</td>
</tr>
<tr>
<td><strong>Change in net assets:</strong></td>
<td>$231,727</td>
<td>329,334</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Cash Flows

### OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$231,727</td>
<td>329,334</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>22,320</td>
<td>13,632</td>
</tr>
<tr>
<td>Net change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>(225,992)</td>
<td>653,412</td>
</tr>
<tr>
<td>Other receivables</td>
<td>8,588</td>
<td>41,496</td>
</tr>
<tr>
<td>Prepaid program expenses</td>
<td>(12,925)</td>
<td>37,138</td>
</tr>
<tr>
<td>Inventory</td>
<td>436</td>
<td>23,153</td>
</tr>
<tr>
<td>Deposits</td>
<td>(132,435)</td>
<td>39,794</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(382,312)</td>
<td>1,145,992</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(443,660)</td>
<td>(12,263)</td>
</tr>
<tr>
<td>(Decrease) increase in cash and cash equivalents</td>
<td>(825,972)</td>
<td>1,133,727</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of the year</td>
<td>4,588,183</td>
<td>3,254,456</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of the year</td>
<td>$3,562,211</td>
<td>$4,388,183</td>
</tr>
<tr>
<td>Supplemental disclosures of cash flow information Contributed services and materials</td>
<td>$396,850</td>
<td>$400,909</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
Consolidated Statements of Functional Expenses
OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

2018 2017
Program Services Fundraising Merchandise Cost Management and General Total Program Services Fundraising Merchandise Cost Management and General Total

Expenditures (Notes 8): Compensation and benefits for non-field staff 32,305,035 $ 1,228,208 $ 214,657 $ 1,412,015 $ 1,485,708 32,279,613 $ 585,422 33,369,632 $ 203,812 $ 3,388,852
Consulting and professional services 15,765 24,300 84,618 124,721 192,493 - 73,132 205,625
Insurance 76,405 28,104 194,977 217,282 184,547 24,371 18,947 100,382
Information technology 15,426 7,677 - 63,105 100,690 3,131 88,001
Occupancy 167,106 86,900 25,770 203,246 280,613 86,523 46,726 133,880
Conferences and meetings 12,980 - - 12,980 - - 12,980 - - 12,980
Depreciation 22,320 - - 22,320 - - 22,320 - - 22,320
Insurance 369 - - 369 - - 369 - - 369
Subsidies, stipends and tuition 1,842,952 - 63,105 1,906,165 - 63,105 1,906,165 - 63,105 1,906,165
Center construction, equipment & furnishings 207,523 - - 207,523 - - 207,523 - - 207,523
Surgery and nursing care in China with China Care Program 14,517 - 369 - 14,886 86 - 86
Training programs and materials 386,188 - - 386,188 - - 386,188 - - 386,188
Event expenses - 107,118 - 107,118 - - 107,118 - - 107,118
All other expenses 17,732 56,675 1,528 57,351 30,954 54,510 10,993 81,471
Total functional expenses 7,396,267 $ 1,455,346 $ 1,526 $ 9,613,089 $ 6,976,328 $ 5,271,784 $ 1,193,192 $ 10,903 $ 704,973 $ 9,190,058

Notes to Consolidated Financial Statements

OneSky Foundation and Subsidiaries, Years Ended December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND OPERATIONS

OneSky Foundation (the “Foundation” or “OneSky”), a non-profit public benefit corporation, was incorporated in November 1998 with its corporate office located in Berkeley, California. From inception and through April 2018, the legal name of the Foundation was “Half the Sky Foundation”. Effective May 2018, the name of the legal entity was changed to OneSky Foundation and Subsidiaries.

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”).

OneSky Foundation (Asia) Limited (“Asia Ltd.”), a supporting organization of the Foundation, was incorporated in Hong Kong in March 2006. OneSky Foundation UK Limited (“UK Ltd.”), another supporting organization of the Foundation, was incorporated in England and Wales in April 2008. In connection with the legal name change for the consolidated entity, the legal names of these entities were formerly known as “Half the Sky” instead of “OneSky”, until May 2018.

The consolidated financial statements of the Foundation include the accounts of all the supporting organizations above.

OneSky was created to help unlock the potential in the lives of vulnerable children. OneSky aims to ensure that young children at risk have a caring adult in their lives and a chance at a bright future by teaching communities and caregivers to provide nurturing responsive care and early education. In support of its goal to enrich the lives of children, OneSky has developed the OneSky Approach to quality early education and care, and serves the following communities in China, Vietnam, and Mongolia:

For orphaned children: OneSky-inspired orphanage program models are located in a variety of non-governmental welfare institutions throughout China and provide nurturing care to young children who have experienced severe physical and emotional damages, or healthy development. Besides fitting out the rooms with age-appropriate developmental toys and furnishings, OneSky hired additional caregivers and trained them along with existing caregivers, in how to use the educational opportunities for orphaned and abandoned children. OneSky inspired Seed Centers provide short-term funding to independent organizations for up to three years, for the mentoring and training of individuals with limited resources. Such funding allows those organizations to establish programs of their own that are similar to those operated directly by OneSky. During the year ended December 31, 2018, OneSky supported various orphanage programs at a total of 57 sites, including 32 Seed Centers.

For left-behind children: OneSky-inspired program models in China's rural villages are designed to teach communities and caregivers how to mitigate the emotional damage children suffer from being left behind by migrant parents. With the help of OneSky, these communities and caregivers are provided with training and support services to help them to find work in faraway cities. Services offered include Family Skills, which teaches parenting skills and responsive care training to primary caregivers, Early Learning, and Community Engagement, which includes trainer-facilitated village gatherings, monthly community projects, and cooperative childcare. During the year ended December 31, 2018, OneSky supported programs in 46 villages within one province.

For migrant workers’ children: OneSky’s work in Vietnam includes the development and operation of a model Early Learning Center (ELC) located in the Hua Khanh Industrial Park in Da Nang. The model center, which offers the OneSky Approach to benefit children, ages 6 months to 6 years, of factory workers who cannot or do not have access to other adequately trained or supervised early learning or daycare services, opened in September 2017. Training in the OneSky Approach is further offered to Da Nang’s home-based care providers and caregivers. During the year ended December 31, 2018, OneSky supported programs in 13 villages within one province.

For children failing to thrive: During the year ended December 31, 2018, a pilot project was launched in a state-run day nursery in Ulaanbaatar, Mongolia to introduce the OneSky Approach to benefit very young children of impoverished nomadic herders living in that city’s ger districts. The nursery, which previously focused only on nutrition, had no programs to address children's social and emotional needs, or healthy development. Besides fitting out the rooms with age-appropriate developmental toys and furnishings, OneSky hired additional caregivers and trained them along with existing caregivers, in how to use the OneSky Approach to provide responsive and nurturing care for vulnerable young children.

See accompanying notes to consolidated financial statements.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 into United States of America dollars, the reporting currency, at the exchange rates in effect at the date of the consolidated statements. Cash balances may exceed the Federal Deposit Insurance Corporation (“FDIC”) limits from time to time. The translation gains and losses on foreign currency transactions are reported in other income, net of foreign currency transaction gains and losses. The translation gain (loss) for the years ended December 31, 2018 and 2017 was $(3,346,777) and $(2,773,788), respectively. Of the total bank balances, $315,747 and $284,685 were insured at December 31, 2018 and 2017, respectively.

Functional Expense Allocations: The financial information presented is consistent with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates.

Basis of Presentation: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. 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.

The financial statement presentation follows the guidance of Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification (“ASC”) 958 – 205. Under ASC 958 – 205, Non-Profit Entities – Presentation of Financial Statements (“ASC 958 – 205”), the Foundation evaluates the collectability of its pledges on an ongoing basis and records a reserve for potential uncollectible pledges receivable. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and investments in money market funds. Cash and cash equivalents consist primarily of highly liquid investments, with an original maturity of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

Inventory: Inventory consists principally of merchandise sold in the Foundation’s online store and is stated at the lower of weighted average cost or net realizable value.

Contributions are recognized as revenue when they are received or unconditionally promised as prescribed by ASC 958-605, Not-for-Profit Entities – Contributions. The Foundation records gifts of cash and other assets as assets with donor restrictions, if they are received with donor stipulations which limit the use of the donated assets. When a contribution is expected to be collected after the collection of the contribution, the contribution is recorded as a receivable. When a contribution is received but not yet deposited, the contribution is recorded as a receivable. When a contribution is expected to be collected after a specified period of time, the contribution is recorded as a receivable if the foundation has met the conditions on which it depends. However, if the conditions on which it depends have not been substantially met, the contribution is recorded as a contribution receivable. Net assets associated with these contributions are released from restriction as donor restrictions are met.

The Foundation recognizes revenues from on-line store sales upon the sale of merchandise.

Contributions with donor restrictions whose restrictions are met in the same reporting period are reported as contributions as with donor restrictions. Net assets associated with these contributions are released from restriction as donor restrictions are met.

The Foundation recognizes revenues from pro-bono legal services. Contributions received and recorded in pro-bono legal services for the years ended December 31, 2018 and 2017, with estimated fair values of $268,721 and $167,745, respectively.

Income Tax Status: The Foundation has been recognized as an organization exempt from the Corporate Income Tax Code section 501(c)(3) and has been recognized by the Internal Revenue Service as a private foundation, and has been recognized by the California Franchise Tax Board as exempt from California Franchise taxes under Revenue and Taxation Code Section 23706(f).

Asia Ltd. has been granted tax exempt status by the Hong Kong Inland Revenue Department. UK Ltd. has been granted tax exempt status by UK HM Revenue & Customs and is also qualified as a charitable fund (“ANBF”) in the Netherlands for tax purposes.

Contributed services and materials: Contributed services and materials are recorded at fair value. The foundation records gifts of cash and other assets as assets with donor restrictions, if they are received with donor stipulations which limit the use of the donated assets. When a contribution is expected to be collected after the collection of the contribution, the contribution is recorded as a receivable. When a contribution is received but not yet deposited, the contribution is recorded as a receivable. When a contribution is expected to be collected after a specified period of time, the contribution is recorded as a receivable if the foundation has met the conditions on which it depends. However, if the conditions on which it depends have not been substantially met, the contribution is recorded as a contribution receivable. Net assets associated with these contributions are released from restriction 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 recorded at fair value. The foundation records gifts of cash and other assets as assets with donor restrictions, if they are received with donor stipulations which limit the use of the donated assets. When a contribution is expected to be collected after the collection of the contribution, the contribution is recorded as a receivable. When a contribution is received but not yet deposited, the contribution is recorded as a receivable. When a contribution is expected to be collected after a specified period of time, the contribution is recorded as a receivable if the foundation has met the conditions on which it depends. However, if the conditions on which it depends have not been substantially met, the contribution is recorded as a contribution receivable. Net assets associated with these contributions are released from restriction as donor restrictions are met.

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Foreign Currency: Assets and liabilities denominated in foreign currencies are translated into United States of America dollars, the reporting currency.

The Foundation has evaluated subsequent events subsequent to the date of the consolidated statements.

Contributed goods received and recorded in pro-bono legal services for the years ended December 31, 2018 and 2017, with estimated fair values of $268,721 and $167,745, respectively.

Contributed goods are recorded at their estimated fair value at the date of receipt. Contributed goods totaled $128,128 and $233,164 for the years ended December 31, 2018 and 2017, respectively.

Income Tax Status: The Foundation has been recognized as an organization exempt from the Corporate Income Tax Code section 501(c)(3) and has been recognized by the Internal Revenue Service as a private foundation, and has been recognized by the California Franchise Tax Board as exempt from California Franchise taxes under Revenue and Taxation Code Section 23706(f).

Asia Ltd. has been granted tax exempt status by the Hong Kong Inland Revenue Department. UK Ltd. has been granted tax exempt status by UK HM Revenue & Customs and is also qualified as a charitable fund (“ANBF”) in the Netherlands for tax purposes.

Contributed services and materials: Contributed services and materials are recorded at fair value. The foundation records gifts of cash and other assets as assets with donor restrictions, if they are received with donor stipulations which limit the use of the donated assets. When a contribution is expected to be collected after the collection of the contribution, the contribution is recorded as a receivable. When a contribution is received but not yet deposited, the contribution is recorded as a receivable. When a contribution is expected to be collected after a specified period of time, the contribution is recorded as a receivable if the foundation has met the conditions on which it depends. However, if the conditions on which it depends have not been substantially met, the contribution is recorded as a contribution receivable. Net assets associated with these contributions are released from restriction as donor restrictions are met.

The Foundation recognizes revenues from on-line store sales upon the sale of merchandise.

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The Foundation recognizes revenues from on-line store sales upon the sale of merchandise.
Depreciation expense for the years ended December 31, 2018 and 2017 amounted to $52,320 and $13,632, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2018 and 2017:

<table>
<thead>
<tr>
<th>Period</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Care Program</td>
<td>$22,800</td>
<td>$859</td>
</tr>
<tr>
<td>China Orphanage</td>
<td>$772,955</td>
<td>727,590</td>
</tr>
<tr>
<td>China Training</td>
<td>$42,710</td>
<td>553,604</td>
</tr>
<tr>
<td>China Village Center</td>
<td>$431,167</td>
<td>774,266</td>
</tr>
<tr>
<td>Mongolia Nursery</td>
<td>$126,454</td>
<td>650,000</td>
</tr>
<tr>
<td>Vietnam Early Learning Center</td>
<td>96,940</td>
<td>214,122</td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td>$2,852,773</td>
<td>2,920,441</td>
</tr>
</tbody>
</table>

NOTE 6 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses aligned with the purpose of the restriction or by the passage of time as follows during the year ended December 31, 2018:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$22,800</td>
</tr>
<tr>
<td>2019</td>
<td>$13,679</td>
</tr>
<tr>
<td>2020</td>
<td>$1,001,523</td>
</tr>
<tr>
<td>2021</td>
<td>$1,054,320</td>
</tr>
<tr>
<td>2022</td>
<td>$1,118,563</td>
</tr>
<tr>
<td>2023</td>
<td>$933,017</td>
</tr>
<tr>
<td>2024 and over</td>
<td>$1,118,563</td>
</tr>
</tbody>
</table>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Lease Obligations: The Foundation leases office facilities in the United States, an office facility in Beijing, Peoples Republic of China (PRC), an apartment unit in Shanghai, PRC, and an apartment unit and office facility in Hong Kong. As of December 31, 2018, the operating lease was $415,536 and $189,544, respectively.

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 Foundation. The amount of the employer’s 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, 2018 and 2017 were $6,222,154 and $6,974,405, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2018 and 2017, recorded contribution revenue from members of the Board of Directors of OneSky Foundation or companies or individuals with which the Board of Directors are affiliated were $3,186,923 and $1,662,887, respectively.

NOTE 10 – AFFILIATED ENTITIES

OneSky Foundation Australia Limited (“Australia Ltd”), an affiliate of the Foundation, was incorporated in Victoria, Australia in May 2009. It has a joint project development with OneSky since 2011. Australia Ltd contributed $486,123 and $318,000 to the Foundation in the years ended December 31, 2018 and 2017, respectively. OneSky Foundation (“Canada”) Inc., a 50% affiliate of the Foundation was incorporated in Canada in June 2009. OneSky Foundation (“Canada”) Inc., contributed $10,000 and $54,181 to the Foundation in the years ended December 31, 2018 and 2017, respectively.

NOTE 11 – MAJOR CONTRIBUTIONS

The Foundation has four donors whose combined contributions totaled more than 35% and 32% of total contributions for the years ended December 31, 2018 and 2017, 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 community model centers and to develop relevant 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 China Civil Affairs Bureau of Ye County and the Henan Social Welfare Association in order to fund the Village Program at the Ye-County. Under this agreement, and in 2016, the Foundation housed 120 newborns with the Ye County authorities and 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.
NOTE 12 – COOPERATION AGREEMENT (Cont’d)

In April 2016, the Foundation entered into an agreement with the Vietnam Department of Education and Training (DOET). The agreement resulted in the construction of the Early Learning Center (ELC), which was developed as part of the Industrial Parks program. This first ELC is located near the Hoa Khanh Industrial Park in Da Nang, Vietnam and upon completion the ownership was fully retained by the DOET. Under the agreement with DOET, OneSky contributed partial funding for the construction costs of the ELC, provided OneSky employees and services at the ELC, and training to DOET personnel for the purpose of ultimately handing off operational responsibility to the DOET at a future date.

NOTE 13 – COOPERATION WITH CHBAF

Beginning in September 2012, a Chinese fundraising organization called ChunHui Bo’Ai Children’s Foundation (CHBAF) was established with objectives similar to those of the Foundation. During the years ended December 31, 2017 and 2018, the Foundation provided support and assistance to CHBAF for the operation of programs supporting disadvantaged children throughout China, to similar standards as programs operated by the Foundation.

NOTE 14 - LIQUIDITY AND AVAILABILITY

The Foundation’s financial assets available for general expenditure within one year of the statement of financial position date, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,562,211</td>
<td>$4,388,383</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>415,536</td>
<td>189,544</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10,849</td>
<td>19,707</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,988,596</strong></td>
<td><strong>$4,597,434</strong></td>
</tr>
</tbody>
</table>

The Foundation has $3,988,596 and $4,597,434 of financial assets available within 1 year of the statement of financial position date, to meet cash needs for general expenditure. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Pledges receivable are subject to implied time or purpose restrictions, but are expected to be collected and available for general expenditures within one year. The Foundation has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.
Unlocking the potential of our world's vulnerable children