



ChildFund Alliance

Financial Statements and Independent
Auditor's Report
Year Ended June 30, 2022

ChildFund Alliance

Financial Statements
Year Ended June 30, 2022

ChildFund Alliance

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Independent Auditor's Report

Board of Directors
ChildFund Alliance
New York, New York

Opinion

We have audited the financial statements of **ChildFund Alliance** (the Alliance), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Alliance as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but

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is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

October 26, 2022

Financial Statements

ChildFund Alliance

Statement of Financial Position

<i>June 30,</i>	<i>2022</i>
Assets:	
Cash	\$ 412,853
Prepaid expenses	34,124
Rent security deposit	45,489
Investment	1,740
Furniture, fixtures, and equipment, net	31,581
Total assets	\$ 525,787
Liabilities and Net Assets	
Liabilities:	
Accrued expenses	\$ 136,706
Deferred rent	6,303
Total liabilities	143,009
Commitments and contingencies	
Net assets:	
Without donor restrictions	382,694
With donor restrictions	84
Total net assets	382,778
Total liabilities and net assets	\$ 525,787

See accompanying notes to financial statements.

ChildFund Alliance

Statement of Activities

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other income:			
Membership dues	\$ 1,768,000	\$ -	\$ 1,768,000
Miscellaneous income	545	-	545
Net assets released from restrictions:			
Satisfaction of program restrictions	30,873	(30,873)	-
Total revenue and other income	1,799,418	(30,873)	1,768,545
Expenses:			
Program	1,475,366	-	1,475,366
Supporting services	336,852	-	336,852
Total expenses	1,812,218	-	1,812,218
Change in net assets	(12,800)	(30,873)	(43,673)
Net assets at beginning of year	395,494	30,957	426,451
Net assets at end of year	\$ 382,694	\$ 84	\$ 382,778

See accompanying notes to financial statements.

ChildFund Alliance

Statement of Functional Expenses

<i>Year ended June 30, 2022</i>	Program Services		Supporting Services		Total Expenses
	Child Development Programs	Total Program Services	Management and General	Total Supporting Services	
Salaries and benefits	\$ 932,174	\$ 932,174	\$ 144,557	\$ 144,557	\$1,076,731
Contractual services	190,958	190,958	94,532	94,532	285,490
Occupancy	156,729	156,729	28,871	28,871	185,600
Dues and memberships	87,490	87,490	5,188	5,188	92,678
Travel	27,658	27,658	157	157	27,815
Professional services	-	-	38,372	38,372	38,372
Communication	26,995	26,995	4,973	4,973	31,968
Conferences	45,243	45,243	-	-	45,243
Other fees	2,774	2,774	7,105	7,105	9,879
Insurance	1,672	1,672	7,045	7,045	8,717
Depreciation	3,632	3,632	669	669	4,301
Office supplies	41	41	5,383	5,383	5,424
	\$ 1,475,366	\$1,475,366	\$ 336,852	\$ 336,852	\$1,812,218

See accompanying notes to financial statements.

ChildFund Alliance
Statement of Cash Flows

<i>Year ended June 30,</i>	2022
Cash flows from operating activities	
Change in net assets	\$ (43,673)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,301
(Increase) decrease in assets	
Prepaid expenses	(4,716)
Increase (decrease) in liabilities	
Accrued expenses	45,446
Deferred rent	(1,239)
Net cash provided by operating activities	119
Cash flows from investing activity	
Purchases of furniture, fixtures and equipment	(30,953)
Net cash used by investing activity	(30,953)
Net decrease in cash	(30,834)
Cash, beginning of year	443,687
Cash, end of year	\$ 412,853

See accompanying notes to financial statements.

ChildFund Alliance

Notes to Financial Statements

1. Organization

In April 2002, ChildFund Alliance (the “Alliance”) was established for charitable purposes to promote the well-being of children and their families throughout the world.

Program services includes promoting high quality standards and providing a platform for accrediting its members designed to ensure that industry best practices are emulated. The Alliance also encourages common initiatives among members, which include a focus on child protection, closer cooperation in emergency preparedness and humanitarian assistance, and strengthening The Alliance's structure and governance to ensure greater integrity and accountability in the future. The Alliance members have also agreed to protocols for assigning program and fundraising territories so that the combined efforts of its members can be efficiently deployed.

Supporting services include management and general expenses which include costs to provide overall support and direction of the Alliance. The Alliance, a Virginia nonstock corporation, is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Alliance recognizes an uncertain tax position in its financial statements if it is more likely than not that the position will be sustained. The Alliance does not believe its financial statements include or reflect any uncertain tax positions. No provision for income taxes has been recorded for the year ended June 30, 2022. The Alliance is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2019.

2. Summary of Significant Accounting Policies

Basis of accounting

The accompanying financial statements of the Alliance are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classification of net assets

Balances and transactions are presented according to the existence or absence of donor-imposed restrictions. This has been accomplished by recording transactions into the following classes of net assets:

Without donor restrictions - Net assets resulting from revenue not subject to donor-imposed restrictions.

With donor restrictions - Net assets resulting from revenue whose use by the Alliance is limited by donor-imposed restrictions that either expire by passage of time or can be fulfilled and

ChildFund Alliance

Notes to Financial Statements

removed by actions of the Alliance pursuant to those donor-imposed restrictions. When these restrictions are met, net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Concentrations of credit risk

The Alliance maintains a demand deposit with a commercial bank. At times, certain balances held within this account may not be fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC). The Alliance's cash and cash equivalent accounts have been placed with high-quality financial institutions, and the Alliance has not experienced, nor does it anticipate, any losses with respect to such accounts. At June 30, 2022, the Alliance has \$162,853 in excess of the federal deposit insurance limit of \$250,000.

Prepaid expenses

Prepaid expenses primarily consist of rent, membership dues, and insurance premiums. Prepaid expenses are recorded when for cash paid for goods or services that will be provided in a future year.

Furniture, fixtures and equipment

The Alliance capitalizes furniture, fixtures and equipment with a value of \$500 or greater. Furniture, fixtures, and equipment (including software and data processing equipment) are carried at cost or fair value at the date of donation in the case of gifts, less accumulated depreciation. Depreciation of furniture, fixtures and equipment is recorded on a straight-line basis over the estimated useful lives of the assets (five years for furniture and fixtures and three to five years for equipment). Upon retirement and disposition, the cost and accumulated depreciation is removed from the accounts with any gain or loss reflected in the statement of activities. Maintenance and repair costs are expensed as incurred.

Revenue recognition

The Alliance recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Alliance expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Alliance combines it with other performance obligations until a distinct bundle of goods or services exists. The Alliance expects that the period between when the Alliance transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. When amounts are received in advance of services performed, but not yet earned, those amounts are held as prepayments and recorded as deferred revenue.

ChildFund Alliance

Notes to Financial Statements

Membership dues

Membership dues are assessed for each fiscal year and revenue is recognized ratably over the fiscal year. In exchange for membership dues, members of the Alliance are provided certain rights to use the organization's name, trademark and affiliations. Membership dues are typically reported as increases in net assets without donor restrictions as the use of the related assets is not limited by donor-imposed restrictions. Cash received for membership dues for the upcoming fiscal year, which are received prior to fiscal year end if any, are reported as deferred membership dues. There were no deferred membership dues as of June 30, 2022.

Expenses

Expenses are recognized by the Alliance during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional allocation of expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the statement of activities. In the statement of functional expenses, costs that can be identified with a specific program or support services are charged directly according to their natural expenditure classifications. Management and general expenses include those that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Alliance. Travel, occupancy, communications, and depreciation benefit multiple functional areas have been allocated among the areas based on staff count.

New accounting pronouncements to be adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Leases (Topic 842)" (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, "Leases". Under ASU 2016-02, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. ASU 2016-02 is effective for the Alliance for fiscal year beginning July 1, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Alliance is currently evaluating the impact of ASU 2016-02 on its financial statements.

Recently adopted authoritative guidance

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. The Organization adopted the ASU during the year ended June 30, 2022 with no impact on the financial statements. There was no effect on the change in net assets reported for the year ended June 30, 2022.

ChildFund Alliance

Notes to Financial Statements

3. Transactions with Related Parties

ChildFund International, USA is a member of the Alliance. The Alliance incurred and paid expenses relating to accounting services provided by ChildFund International, USA totaling \$39,500 for the year ended June 30, 2022.

4. Investment

The Alliance has a participating partnership interest in the Berlin Civil Society Center, doing business as the International Civil Society Center (ICSC). ICSC is a small capital company located in Germany that provides advisory and support services to global civil society organizations in order to strengthen the efficiency and effectiveness of those organizations.

This investment consisted of \$1,740 for purchase of the voting shares and a required upfront payment of \$33,475 to help fund operating costs of ICSC. The advanced operating costs have been fully amortized as of June 30, 2022. The investment related to the purchase of shares in ICSC is carried at cost in accordance with FASB Accounting Standards Codification (ASC) 325-20-30, "Cost Method Investments and Initial Measurement." As a voting partnership shareholder, the Alliance participates in the election of the Board of Trustees of ICSC as needed. Shareholders do not participate in distribution of the profits or receive any other payments from ICSC's funds in their capacity as shareholders. Shareholders are only entitled to the return of capital paid in and the common value of any contribution in kind made to ICSC.

There is a required annual membership payment made each year by the Alliance to ICSC. The membership expense was \$32,244 for the year ended June 30, 2022 and is included in dues and memberships in the accompanying statement of functional expenses.

5. Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment is summarized as follows:

<i>June 30,</i>		<i>2022</i>
Furniture and fixtures	\$	18,340
Equipment		69,831
Less: accumulated depreciation		(56,590)
	\$	31,581

Depreciation expense was \$4,301 for the year ended June 30, 2022.

6. Commitments

The Alliance entered into two operating leases for office space, which expire during the year ending June 30, 2022 and 2024, respectively. The Alliance records rent expense on the straight-line basis and the difference between cash paid and the amount expensed for rent is recorded as deferred rent. At June 30, 2022, deferred rent related to the office leases totaled \$6,303.

ChildFund Alliance

Notes to Financial Statements

Rent expense under various operating leases was \$176,762 and is included in occupancy in the statement of functional expenses for the year ended June 30, 2022. Future minimum lease payments for the remaining terms of the lease are as follows:

<i>Years ending June 30,</i>	
2023	\$ 176,748
2024	29,725
2025	2,181
	<hr/>
	\$ 208,654

7. Contingencies

From time to time, the Alliance is involved in various legal proceedings during the normal course of operations. In management's opinion, the Alliance is not currently involved in any legal proceedings which individually or in the aggregate could have a material effect on the financial condition, results of operations and/or liquidity of the Alliance.

8. Liquidity and Availability of Resources

The following reflects assets as of the statement of position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

<i>June 30,</i>	<i>2022</i>
Cash	\$ 412,853
Less amount unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(84)
Financial assets available to meet cash needs for general expenditures within one year	<hr/>
	\$ 412,769

As part of the Alliance's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Alliance maintains a liquidity position through invoicing members annual dues at the beginning of the fiscal year.

ChildFund Alliance

Notes to Financial Statements

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at:

<i>June 30,</i>	<i>2022</i>
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Subject to expenditure for a specified purpose:	
Child development programs	\$ 84
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For the year ended June 30, 2022, the Alliance released \$30,873 of donor restricted assets due to the purpose restrictions being fulfilled.

10. Subsequent Events

The Alliance has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2022 financial statements through October 26, 2022, the date the financial statements were available to be issued.