

# ChildFund Alliance

## Financial Statements and Independent Auditor's Report Years Ended June 30, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



## **ChildFund Alliance**

---

Financial Statements and Independent Auditor's Report  
Years Ended June 30, 2025 and 2024

# ChildFund Alliance

## Contents

---

Independent Auditor's Report	3-4
------------------------------	-----

### Financial Statements

Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-15



Tel: 703-893-0600  
Fax: 703-893-2766  
www.bdo.com

8401 Greensboro Drive, Suite 800  
McLean, VA 22102

## **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 statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 audits. 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 Alliance's ability to continue as a going concern within one year after the date that the financial statements are 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 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, P.C.*

November 4, 2025

## Financial Statements

---

# ChildFund Alliance

## Statements of Financial Position

<i>June 30,</i>	2025	2024
<b>Assets:</b>		
Cash	\$ 339,253	\$ 404,535
Accounts receivable	46,234	-
Prepaid expenses	64,921	12,752
Rent security deposit	45,489	45,489
Investment	1,740	1,740
Furniture, fixtures, and equipment, net	22,180	30,663
Right-of-use assets	150,632	237,841
<b>Total assets</b>	<b>\$ 670,449</b>	<b>\$ 733,020</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accrued expenses	\$ 190,048	\$ 97,071
Operating lease liabilities	155,637	241,833
Deferred membership dues	-	23,536
<b>Total liabilities</b>	<b>345,685</b>	<b>362,440</b>
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Without donor restrictions	324,764	370,580
<b>Total net assets</b>	<b>324,764</b>	<b>370,580</b>
<b>Total liabilities and net assets</b>	<b>\$ 670,449</b>	<b>\$ 733,020</b>

*See accompanying notes to financial statements.*

# ChildFund Alliance

## Statements of Activities

<i>Year ended June 30,</i>	<b>2025</b>	<b>2024</b>
Change in net assets without donor restrictions:		
Revenue and other income:		
Membership dues	\$ 1,751,659	\$ 1,737,520
Miscellaneous income	10,686	7,307
<b>Total revenue and other income without donor restrictions</b>	<b>1,762,345</b>	<b>1,744,827</b>
Expenses:		
Program	1,462,695	1,416,318
Supporting services	345,466	301,282
<b>Total expenses</b>	<b>1,808,161</b>	<b>1,717,600</b>
<b>Change in net assets without donor restriction</b>	<b>(45,816)</b>	<b>27,227</b>
<b>Change in net assets</b>	<b>(45,816)</b>	<b>27,227</b>
<b>Net assets at beginning of year</b>	<b>370,580</b>	<b>343,353</b>
<b>Net assets at end of year</b>	<b>\$ 324,764</b>	<b>\$ 370,580</b>

*See accompanying notes to financial statements.*



# ChildFund Alliance

## Statement of Functional Expenses

<i>Year ended June 30, 2025</i>	Program Services		Supporting Services		Total Expenses
	Child Development Programs	Total Program Services	Management and General	Total Supporting Services	
Salaries and benefits	\$ 1,065,141	\$ 1,065,141	\$ 185,556	\$ 185,556	\$ 1,250,697
Contractual services	84,424	84,424	45,173	45,173	129,597
Occupancy	88,357	88,357	22,089	22,089	110,446
Dues and memberships	78,013	78,013	5,825	5,825	83,838
Professional services	15,450	15,450	58,772	58,772	74,222
Conferences	67,079	67,079	205	205	67,284
Travel	29,839	29,839	245	245	30,084
Communication	17,175	17,175	4,294	4,294	21,469
Other fees	7,128	7,128	11,004	11,004	18,132
Depreciation	8,445	8,445	2,106	2,106	10,551
Insurance	1,644	1,644	7,638	7,638	9,282
Office supplies	-	-	2,559	2,559	2,559
	<b>\$ 1,462,695</b>	<b>\$ 1,462,695</b>	<b>\$ 345,466</b>	<b>\$ 345,466</b>	<b>\$ 1,808,161</b>

*See accompanying notes to financial statements.*

# ChildFund Alliance

## Statement of Functional Expenses

	Program Services		Supporting Services		Total Expenses
	Child Development Programs	Total Program Services	Management and General	Total Supporting Services	
<i>Year ended June 30, 2024</i>					
Salaries and benefits	\$ 906,562	\$ 906,562	\$ 156,305	\$ 156,305	\$ 1,062,867
Contractual services	104,637	104,637	42,354	42,354	146,991
Occupancy	109,561	109,561	20,182	20,182	129,743
Dues and memberships	83,062	83,062	5,036	5,036	88,098
Professional services	65,459	65,459	48,870	48,870	114,329
Conferences	52,225	52,225	-	-	52,225
Travel	60,524	60,524	91	91	60,615
Communication	17,856	17,856	3,289	3,289	21,145
Other fees	6,496	6,496	12,341	12,341	18,837
Depreciation	9,112	9,112	1,678	1,678	10,790
Insurance	824	824	6,801	6,801	7,625
Office supplies	-	-	4,335	4,335	4,335
	\$ 1,416,318	\$ 1,416,318	\$ 301,282	\$ 301,282	\$ 1,717,600

See accompanying notes to financial statements.

# ChildFund Alliance

## Statements of Cash Flows

<i>Year ended June 30,</i>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (45,816)	\$ 27,227
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	10,551	10,790
Non-cash lease expense	87,209	108,607
(Increase) decrease in assets		
Accounts receivable	(46,234)	-
Prepaid expenses	(52,169)	20,587
Increase (decrease) in liabilities		
Accrued expenses	92,977	(209)
Principal reduction in operating lease liabilities	(86,196)	(105,008)
Deferred membership dues	(23,536)	23,536
<b>Net cash (used in) provided by operating activities</b>	<b>(63,214)</b>	<b>85,530</b>
<b>Cash flows from investing activities</b>		
Purchases of furniture, fixtures and equipment	(2,068)	(12,806)
<b>Net cash used in investing activities</b>	<b>(2,068)</b>	<b>(12,806)</b>
<b>Net (decrease) increase in cash</b>	<b>(65,282)</b>	<b>72,724</b>
Cash, beginning of year	\$ 404,535	\$ 331,811
<b>Cash, end of year</b>	<b>\$ 339,253</b>	<b>\$ 404,535</b>
<b>Supplemental disclosures of noncash transactions:</b>		
Right-of-use asset obtained in exchange for operating lease liability - at inception	\$ -	\$ 298,763

*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 years ended June 30, 2025 and 2024, respectively. The Alliance is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2022.

### 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.

# ChildFund Alliance

## Notes to Financial Statements

---

**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 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 statements of activities as net assets released from restrictions. The Alliance did not have any net assets with donor restrictions as of June 30, 2025 or 2024.

### ***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. The Alliance has \$89,253 and \$154,535 in excess of the federal deposit insurance limit of \$250,000 as of June 30, 2025 and 2024, respectively.

### ***Accounts receivable***

Accounts receivable consists of bills due from Alliance members for reimbursement of goods or services provided. The estimated allowance for credit losses is based upon the aging of outstanding balances, prior years' experience with the customer and management's analysis of subsequent collections. Accounts receivables are written off if reasonable collection efforts prove unsuccessful. Management considers all accounts receivable to be fully collectible, therefore, no allowance for credit losses has been established.

### ***Prepaid expenses***

Prepaid expenses primarily consist of 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 statements of activities. Maintenance and repair costs are expensed as incurred.

### ***Leases***

The Alliance determines if an arrangement is a lease at inception and classifies its leases at commencement. Operating leases are presented as right-of-use ("ROU") assets and the corresponding lease liabilities are included in operating lease liabilities on the statements of financial position. Operating lease liabilities represent the Alliance's obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term and the ROU assets represent the operating less liability adjusted for initial direct cost and lease incentives.

# ChildFund Alliance

## Notes to Financial Statements

---

ROU assets and lease liabilities are recognized at commencement date and determined using the present value of the future minimum lease payments over the lease term. The Alliance uses a discount rate based on the risk-free rate of each lease, as the Alliance has elected the practical expedient outlined in Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases* (“SU 2016-02”). The risk-free rate for each lease was determined by using the government treasury bill rates from the country of origin for each lease duration as of July 1, 2022, which is the date of initial application of the new guidance. The lease term may include options to extend when it is reasonably certain that the Alliance will exercise that option. In addition, the Alliance did not recognize any short-term leases that have a term of twelve months or less as ROU assets or lease liabilities. The Alliance recognizes operating lease expense on a straight-line basis over the lease term.

The Alliance has lease agreements which contain both lease and non-lease components, which it has elected to account for as a single lease component when the payments are fixed. As such, variable lease payments, including those not dependent on an index or rate, such as real estate taxes, common area maintenance, and other costs that are subject to fluctuation from period to period are not included in lease measurement.

### ***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.

### ***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.

### ***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 statements of activities. In the statements 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

# ChildFund Alliance

## Notes to Financial Statements

---

the Alliance. Travel, occupancy, communications, and depreciation benefit multiple functional areas have been allocated among the areas based on staff count.

### ***Recently issued accounting pronouncements***

ChildFund Alliance has assessed accounting pronouncements issued or effective during the years ended June 30, 2025 and 2024, and deemed they were either not applicable to ChildFund Alliance or are not anticipated to have a material effect on the 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 \$40,685 and \$39,500 for the years ended June 30, 2025 and 2024, respectively.

### **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. The investment related to the purchase of shares in ICSC is carried at cost in accordance with FASB Accounting Standard Codification ("ASC") ASC 325, *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 \$29,719 and \$29,647 for the years ended June 30, 2025 and 2024, respectively, and is included in dues and memberships in the accompanying statements of functional expenses.

### **5. Furniture, Fixtures and Equipment**

Furniture, fixtures, and equipment is summarized as follows:

<b><i>June 30,</i></b>	<b>2025</b>		<b>2024</b>	
Furniture and fixtures	\$	<b>18,340</b>	\$	18,340
Equipment		<b>88,727</b>		86,659
Less: accumulated depreciation		<b>(84,887)</b>		(74,336)
	\$	<b>22,180</b>	\$	30,663

# ChildFund Alliance

## Notes to Financial Statements

---

Depreciation expense was \$10,551 and \$10,790 for the years ended June 30, 2025 and 2024, respectively.

### 6. Leases

At June 30, 2025, the Alliance had one operating lease for its office space in the United States. At June 30, 2024, the Alliance had two operating leases for its office space in the United States and Europe.

In August 2023, the Alliance signed an operating lease agreement with a commencement date of October 1, 2023, for office space to replace a lease that ended in August 2023. The lease is for three years with monthly rent starting at \$8,690 and increasing up to \$9,358. The other office lease at June 30, 2024 was immaterial to the financial statements.

The lease agreements generally do not provide an implicit borrowing rate. Therefore, as a non-public business entity, the Alliance elected to apply a risk-free rate to derive an appropriate rate to discount remaining lease payments by class of underlying asset for the initial and subsequent measurement of lease liabilities. The Alliance uses the foreign risk yield curves from the country of origin for each lease to derive imputed rates for lease term lengths.

The Alliance had no leases with an initial term of twelve months or less. There are no material residual guarantees associated with any of the Alliance's leases, and there are no significant restrictions or covenants included in the Alliance's lease agreements. Certain leases include variable payments related to common area maintenance and property taxes, which are billed by the landlord, as is customary with these types of charges for office space. The Alliance is not the sublessor in any arrangement.

The Alliance's existing leases contain escalation clauses and renewal options. The Alliance has evaluated several factors in assessing whether there is reasonable certainty that the Alliance will exercise a contractual renewal option. For leases with renewal options that are reasonably certain to be exercised, the Alliance included the renewal term in the total lease term used in calculating the ROU asset and lease liability.

<b><i>June 30,</i></b>	<b>2025</b>	<b>2024</b>
<b>Weighted-average remaining lease term</b>	<b>1.5 years</b>	<b>2.5 years</b>
<b>Weighted-average discount rate</b>	<b>4.71%</b>	<b>4.82%</b>



# ChildFund Alliance

## Notes to Financial Statements

Future minimum lease payments under non-cancellable leases as of June 30, 2025, are as follows:

***Years ending June 30,***

2026	\$	107,256
2027		51,454
Total undiscounted future cash flows		158,710
Less: discounting		(3,073)
Total operating lease liabilities		\$ 155,637

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

<b><i>June 30,</i></b>	<b>2025</b>	<b>2024</b>
Cash	\$ 339,253	\$ 404,535
Accounts receivable	46,234	-
Financial assets available to meet cash needs for general expenditures within one year		\$ 385,487 \$ 404,535

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.

### 9. Subsequent Events

The Alliance has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2025 financial statements through November 4, 2025, the date the financial statements were available to be issued.

The Alliance is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.