

A CHILD'S HOPE FOUNDATION
AUDITED FINANCIAL STATEMENTS
Years Ended December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
A Child's Hope Foundation

Opinion

We have audited the accompanying financial statements of A Child's Hope Foundation (a nonprofit foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of A Child's Hope Foundation as of December 31, 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 A Child's Hope Foundation 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 A Child's Hope Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 A Child's Hope Foundation'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 A Child's Hope Foundation'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.

Squire & Company, PC

Orem, Utah
October 20, 2026

A CHILD'S HOPE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash	1,449,506	\$ 1,338,962
Certificates of deposit	347,394	-
Accounts and grants receivable	23,818	48,590
Prepaid expenses	15,832	-
Total current assets	1,836,550	1,387,552
Land Held for Sale	73,544	73,544
Operating Lease Right-of-Use Asset	69,513	118,695
Total assets	<u>\$ 1,979,607</u>	<u>\$ 1,579,791</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 125,364	\$ 51,070
Unearned revenue	39,615	75,830
Due to other organization	-	36,894
Current portion of operating lease liability	51,698	35,309
Total current liabilities	216,677	199,103
Operating Lease Liability, less current portion	17,815	83,386
Total liabilities	234,492	282,489
Net Assets:		
Without donor restrictions	1,245,115	1,297,302
With donor restrictions:		
Endowment	500,000	-
Total net assets	1,745,115	1,297,302
Total liabilities and net assets	<u>\$ 1,979,607</u>	<u>\$ 1,579,791</u>

The accompanying notes are an integral part of these financial statements.

A CHILD'S HOPE FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2025 and 2024

	2025	2024
Net Assets without Donor Restrictions:		
Revenue and Support:		
Donations	\$ 1,869,292	\$ 1,644,088
Service trip fees	341,072	524,135
Special events, net of direct costs	(164)	294,287
Investment income	<u>28,000</u>	<u>25,694</u>
Total revenue and support	2,238,200	2,488,204
Expenses:		
Program services	1,674,080	1,672,999
Support services:		
Management and general	187,128	131,682
Fundraising	<u>429,179</u>	<u>277,400</u>
Total expenses	<u>2,290,387</u>	<u>2,082,081</u>
Change in net assets without donor restrictions	(52,187)	406,123
Net Assets with Donor Restrictions:		
Contributions	<u>500,000</u>	<u>-</u>
Change in Net Assets	447,813	406,123
Beginning Net Assets	<u>1,297,302</u>	<u>891,179</u>
Ending Net Assets	<u><u>\$ 1,745,115</u></u>	<u><u>\$ 1,297,302</u></u>

The accompanying notes are an integral part of these financial statements.

A CHILD'S HOPE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Wages and benefits	\$ 396,720	\$ 76,022	\$ 166,917	\$ 639,659
Awards and grants	625,349	-	-	625,349
Professional fees	341,900	32,918	259,435	634,253
Technology	15,628	2,085	3,742	21,455
Office	17,647	14,584	57,804	90,035
Travel	234,963	5,155	5,915	246,033
Advertising	31,638	4,649	78,707	114,994
Occupancy	5,414	48,565	4,894	58,873
Insurance	4,821	3,150	-	7,971
Total expenses	1,674,080	187,128	577,414	2,438,622
Direct costs netted with revenues	-	-	(148,235)	(148,235)
Total functional expenses	<u>\$ 1,674,080</u>	<u>\$ 187,128</u>	<u>\$ 429,179</u>	<u>\$ 2,290,387</u>

Year Ended December 31, 2024

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Wages and benefits	\$ 370,105	\$ 65,276	\$ 113,700	\$ 549,081
Awards and grants	618,660	-	-	618,660
Professional fees	276,543	7,060	136,250	419,853
Technology	27,044	2,377	5,869	35,290
Office	31,072	14,484	28,124	73,680
Travel	326,577	4,741	18,957	350,275
Advertising	9,325	902	22,200	32,427
Occupancy	6,573	36,650	2,400	45,623
Insurance	7,100	192	-	7,292
Total expenses	1,672,999	131,682	327,500	2,132,181
Direct costs netted with revenues	-	-	(50,100)	(50,100)
Total functional expenses	<u>\$ 1,672,999</u>	<u>\$ 131,682</u>	<u>\$ 277,400</u>	<u>\$ 2,082,081</u>

The accompanying notes are an integral part of these financial statements.

A CHILD'S HOPE FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 447,813	\$ 406,123
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(3,660)	(75)
Contribution of marketable securities	(23,769)	(37,257)
Operating lease right-of-use asset	49,182	35,309
Changes in operating assets and liabilities:		
Accounts and grants receivable	24,772	35,320
Prepaid expenses	(15,832)	3,275
Accounts payable and accrued expenses	74,294	(598)
Unearned revenue	(36,215)	(73,115)
Due to other organization	(36,894)	36,894
Operating lease liability	(49,182)	(35,309)
Total adjustments	(17,304)	(35,556)
Net cash provided by operating activities	430,509	370,567
Cash Flows from Investing Activities:		
Purchases of certificates of deposit	(345,000)	-
Proceeds from sale of marketable securities	25,035	37,332
Net cash provided (used) by operating activities	(319,965)	37,332
Net Change in Cash	110,544	407,899
Cash at Beginning of Year	1,338,962	931,063
Cash at End of Year	\$ 1,449,506	\$ 1,338,962

Supplementary Data:

The Organization paid no interest or income taxes during the years ended December 31, 2025 and 2024.

The Organization entered into an operating lease for the right to use assets valued at \$154,004 during the year ended December 31, 2024.

The accompanying notes are an integral part of these financial statements.

A CHILD'S HOPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of A Child's Hope Foundation (the Foundation) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization

The Foundation is a nonprofit corporation organized in Utah in 2002 to care for orphaned and vulnerable children worldwide.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Cash

At December 31, 2025, the carrying amount of the Foundation's cash deposits was \$1,449,506 and the bank balance was \$1,377,518, of which \$517,787 was covered by federal depository insurance.

Investments

Investments are stated at fair value. Investment income consists of interest, dividends, and gains and losses (realized or unrealized), net of investment management fees.

Accounts and Grants Receivable and Credit Losses

Accounts and grants receivable consist of donations without donor restrictions made before year end that the Foundation had not yet received. The Foundation has not established an allowance for credit losses at December 31, 2025 and 2024. The Foundation believes all amounts are fully collectable.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at December 31, 2025 and 2024 because the composition of the accounts receivable at those dates is consistent with that used in developing the historical credit-loss percentages. Management developed this estimate based on its knowledge and past experience.

A CHILD'S HOPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Land Held for Sale

Land is recorded at cost (or, if donated, at the estimated fair value at the date of donation).

Due to Other Organization

The Foundation acted as the fiscal agent for another organization. Amounts held on behalf of this organization are reported as a liability with amounts received and expended as changes in that liability.

Leases

The Foundation has elected to account for leases as short-term leases if the lease has a term of 12 months or less and does not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. Short-term lease expense is recognized on a straight-line basis over the lease term.

Revenue Recognition

The Foundation recognizes service trip fees when the participants leave for the trip. Fees are collected in advance and reported as unearned revenue until the trip occurs.

Donated Services

Many individuals volunteer significant time and perform a variety of tasks that assist the Foundation with specific programs and Board assignments; the value of these services has not been recognized in these financial statements.

Advertising

The Foundation charges to expense the cost of advertising when incurred.

Tax Status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRS). Also, the Foundation is not subject to state income taxes.

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Certain costs are allocated to one or more program or supporting functions based on time and effort. Such allocations are determined by management on an equitable basis.

Estimates

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

A CHILD'S HOPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Subsequent Events

The Foundation has evaluated subsequent events through October 20, 2026, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash	\$ 1,449,506	\$ 1,338,962
Certificates of deposit	347,394	-
Accounts and grants receivable	<u>23,818</u>	<u>48,590</u>
Total financial assets	1,820,718	1,387,552
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(500,000)</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,320,718</u></u>	<u><u>\$ 1,387,552</u></u>

The Foundation's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$500,000).

NOTE 3 – LEASE

The Foundation acquired the right to use office space under an operating lease agreement. Operating lease expense was \$54,000 and \$40,500 for the years ended December 31, 2025 and 2024, respectively. The remaining lease term is 1.33 years with a discount rate of 5 percent.

Future minimum payments under this lease, together with its present value as of December 31, 2025, is summarized as follows:

<u>Year Ending December 31,</u>	
2026	\$ 54,000
2027	<u>18,000</u>
Total minimum lease payments	72,000
Amount representing interest	<u>(2,487)</u>
Total operating lease liability	69,513
Current portion	<u>(51,698)</u>
Long-term portion	<u><u>\$ 17,815</u></u>

A CHILD'S HOPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

As described in Note 1, the Foundation uses various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Foundation's major categories of assets and liabilities measured at fair value on a recurring basis follows:

Certificates of deposit – Valued at amortized cost, which approximates fair value.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value at December 31, 2025:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 347,394	\$ -	\$ 347,394	\$ -

NOTE 4 – NET ASSETS

Donor-Restricted Endowments

The endowment was established to fund ongoing needs of the Foundation. The endowment's balance was \$500,000 and \$0 at December 31, 2025 and 2024, respectively. The endowment's spending policy is determined by an oversight committee who make recommendations to the Board.

The Foundation's Board of Directors has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

A CHILD'S HOPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Changes to the Foundation endowed net assets are as follows for the year ended December 31, 2025:

Beginning balance	\$ -
Contribution	<u>500,000</u>
Ending balance	<u><u>\$ 500,000</u></u>