

CHILD AID

FINANCIAL STATEMENTS
Year Ended December 31, 2019

With

Independent Auditor's Report

**CHILD AID
DECEMBER 31, 2019
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Treasurer's Report

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of Child Aid and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by Child Aid's independent accountants, Richman & Associates, LLC whose report follows. Their examination was made in accordance with generally accepted auditing standards, per the Independent Auditors' Report. The Board of Directors meets periodically with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the Child Aid's financial statements. The Board of Directors also reviews the scope and results of Child Aid's audit, and current and emerging accounting and financial requirements and practices affecting Child Aid.

Richard Carroll
Co-founder & Treasurer
Board of Directors
Child Aid

Richman & Associates, LLC
Certified Public Accountant
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Child Aid
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Child Aid (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Aid as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Child Aid's financial statements as of and for the year ended December 31, 2018, and our report dated April 29, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richman & Associates, LLC

Portland, Oregon
June 12, 2020

CHILD AID
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Comparative Amounts for 2018)

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and equivalents	\$ 282,731	\$ 187,508
Accounts receivable	3,558	2,797
Unconditional promises to give	99,972	208,569
Prepaid expenses	11,328	5,878
Total current assets	397,589	404,752
NON-CURRENT UNCONDITIONAL PROMISES TO GIVE	43,359	94,936
INVESTMENTS	1,539,215	1,417,866
EQUIPMENT	9,065	3,484
TOTAL ASSETS	\$ 1,989,228	\$ 1,921,038
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 56,108	\$ 50,215
Payroll liabilities	14,509	7,366
Accrued compensated absences	123,042	98,642
Total current liabilities	193,659	156,223
NET ASSETS:		
Without donor restrictions	1,496,862	1,356,703
With donor restrictions	298,707	408,112
Total net assets	1,795,569	1,764,815
TOTAL LIABILITIES AND NET ASSETS	\$ 1,989,228	\$ 1,921,038

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF ACTIVITIES
December 31, 2019
(With Comparative Amounts for 2018)

	2019		Total	2018
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE:				
Contributions and grants	\$ 1,033,913	\$ 235,162	\$ 1,269,075	\$ 1,224,162
In-kind contributions of books, materials and services	276,260	-	276,260	277,732
Realized investment gains	225,786	2,867	228,653	333,914
Unrealized investment gains (losses)	(66,145)	13,374	(52,771)	(489,180)
Interest, dividends and fees	41,598	3,966	45,564	49,488
Other	(2,227)	-	(2,227)	706
	<u>1,509,185</u>	<u>255,369</u>	<u>1,764,554</u>	<u>1,396,822</u>
Net assets released from restrictions:				
Satisfaction of purpose restrictions	148,054	(148,054)	-	-
Expiration of time restrictions	216,720	(216,720)	-	-
	<u>1,873,959</u>	<u>(109,405)</u>	<u>1,764,554</u>	<u>1,396,822</u>
EXPENSES:				
Program services	1,376,810	-	1,376,810	1,378,825
Management and general	122,812	-	122,812	121,585
Fund raising	234,178	-	234,178	175,693
Total expenses	<u>1,733,800</u>	<u>-</u>	<u>1,733,800</u>	<u>1,676,103</u>
CHANGE IN NET ASSETS	140,159	(109,405)	30,754	(279,281)
NET ASSETS AT BEGINNING OF YEAR	<u>1,356,703</u>	<u>408,112</u>	<u>1,764,815</u>	<u>2,044,096</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,496,862</u></u>	<u><u>\$ 298,707</u></u>	<u><u>\$ 1,795,569</u></u>	<u><u>\$ 1,764,815</u></u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2019
(With Comparative Amounts for 2018)

	2019				2018
	Program Services	Management and General	Fund Raising	Total	
Compensation and related expenses:					
Compensation	\$ 622,463	\$ 71,886	\$ 145,799	\$ 840,148	\$ 774,643
Employee benefits	43,997	7,331	18,145	69,473	64,956
Payroll taxes and fees	62,696	6,631	12,104	81,431	69,886
Grants and allocations	266,898	-	-	266,898	270,596
Bank fees	2,829	1,483	640	4,952	4,999
Depreciation expense	-	2,455	-	2,455	3,103
Conference and meetings	53,948	2,793	4,380	61,121	45,004
Licenses and fees	38,779	8,036	12,154	58,969	58,815
Rent	32,333	3,672	3,672	39,677	39,066
Postage	553	946	1,542	3,041	1,778
Printing and publications	9,641	504	15,961	26,106	50,973
Professional fees	119,535	16,165	1,160	136,860	196,367
Supplies	24,642	-	583	25,225	16,512
Telephone	18,050	242	607	18,899	18,798
Travel	76,446	668	17,431	94,545	60,607
Bad debt	4,000	-	-	4,000	-
Total expenses	<u>\$ 1,376,810</u>	<u>\$ 122,812</u>	<u>\$ 234,178</u>	<u>\$ 1,733,800</u>	<u>\$ 1,676,103</u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF CASH FLOWS
December 31, 2019
(With Comparative Amounts for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors and contributors	\$ 1,268,867	\$ 977,351
Interest and dividends received	45,564	49,488
Cash paid to suppliers and employees	(1,514,172)	(1,420,732)
Net cash used in operating activities	(199,741)	(393,893)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	776,757	925,833
Purchases of investments	(473,757)	(419,281)
Purchases of equipment	(8,036)	(3,650)
Net cash provided by investing activities	294,964	502,902
NET CHANGE IN CASH AND EQUIVALENTS	95,223	109,009
CASH AND EQUIVALENTS, BEGINNING OF YEAR	187,508	78,499
CASH AND EQUIVALENTS, END OF YEAR	\$ 282,731	\$ 187,508

See accompanying notes to financial statements.

CHILD AID
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Child Aid is a 501(c)(3) public benefit nonprofit corporation whose mission is social and economic development through literacy. We focus on rural villages in Guatemala, where illiteracy disproportionately affects indigenous people, and in the early grades where education can make the biggest impact on literacy and overall life chances.

Our program consists of a scaffolded, four-year curriculum of workshops in schools (2 per year) and one-on-one classroom coaching (2 individual sessions after each workshop). We also provide high quality, grade appropriate Spanish language books to each school, along with rolling bookshelves and a classification system. When we leave a school, we have built a book collection with between 7-15 volumes per student. In addition, our staff spends additional time in each school, meeting with the school Reading Committee and the school principal to increase the use of books across content areas and providing additional coaching sessions as requested and desired. Finally, we hold a 4-6 week, school break program, called *Adventures in Reading*, to help children retain literacy gains made during the school year through the long summer vacation. In total, our 4-year intervention represents at least 350 hours spent with each school.

Child Aid also provides financial support for two independent nonprofit organizations operating in Central America. The first is CORAL (Centro Oaxaqueno de Rehabilitacion de Audicion y Lenguaje) located in Oaxaca, Mexico. CORAL provides rehabilitative education and diagnostic services for poor and underserved deaf and hearing impaired children. The second organization receiving support and oversight is FUNDIT (Fundacion para Desarrollo Integral de El Tejar), located in El Tejar, Guatemala. FUNDIT's programs comprise a Montessori-style pre-school for children in the town of El Tejar; a community library; a music program for primary and middle school children; and a scholarship program for primary and secondary students who otherwise would not be able to continue in school.

Child Aid is supported solely through contributions from individuals and grants from foundations and businesses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation

The financial statements of Child Aid have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Child Aid. to report 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 organization. These net assets may be used at the discretion of Child Aid's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Child Aid or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity; Child Aid has no such net assets with perpetual restrictions as of December 31, 2019.

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 statements of activities.

Cash and Equivalents

For purposes of the statement of cash flows, Child Aid considers all cash and other liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in institutional money market funds are reported as investments instead of cash because of the Organization's investment practices.

Concentrations of Credit Risk

Child Aid deposits its cash in high credit quality institutions. At times such cash deposits may be in excess of the FDIC insurance limit. Child Aid believes no significant concentration of credit risk exists with respect to these cash deposits. Certain receivables may also subject Child Aid to concentrations of credit risk.

Accounts Receivable

Accounts receivable are each stated net of an allowance for doubtful accounts. Uncollectible receivables are charged to an allowance account as they are determined to be uncollectible. The determination is based upon several factors including collection experience, economic conditions, and credit risk quality including past due status, and how recently payments have been received. Management believes that no allowance for doubtful accounts is necessary as of December 31, 2019.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Uncollectible promises to give are charged to an allowance account as they are determined to be uncollectible. Conditional promises to give are not included as support until the conditions are met.

Fixed Assets and Depreciation

Equipment is carried at cost, and at market value when acquired by gift. Depreciation is provided on a double-declining balance basis over the estimated useful lives of the respective assets, which is generally five years. Child Aid follows the practice of capitalizing all expenditures for equipment in excess of \$500.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Child Aid, Inc. groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.

- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair market value.

Child Aid recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind services of \$142,650 were recognized during the year ended December 31, 2019.

Child Aid receives contributed services from volunteers who assist in program efforts. Child Aid has not recognized the value of such services on its financial statements in that they do not meet the criteria for recognition stated above.

In-kind contributions of equipment and other materials, as well as the free use of facilities, are recorded when there is an objective basis upon which to value the contribution and where the contribution is an essential part of Child Aid's activities.

In-kind contributions of books and program materials valued at \$133,610 and securities valued at \$248,467 (included in contributions and grants on the statement of activities) were recognized during 2019.

Investment Income

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restricts their use.

Advertising Expenses

Advertising costs are charged to expense as they are paid.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include compensation, employee benefits and payroll taxes and fees, licenses and fees, rent and bank fees which are allocated based on estimates of time and effort. Shared costs, including a portion of the total costs of conferences and meetings, postage, printing and publications, professional fees, supplies, telephone and travel are allocated based on estimates of staff time and effort.

Income Taxes

Child Aid is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Under generally accepted accounting principles, an organization must also evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2019.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is subject to examination by U.S. federal tax authorities generally for three years from the filing of a tax return.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of Child Aid’s management, such differences would not be significant.

Summarized Financial Information for 2018

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Also, prior-year summarized comparative information on the statement of functional expenses is not presented in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the agency's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Subsequent Events

Subsequent events were evaluated through June 12, 2020, which is the date the financial statements were available to be issued.

New Accounting Pronouncements

Child Aid adopted several new accounting standards for the year ended December 31, 2019 as follows:

ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle for ASU No. 2018-08 was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. In comparison to the year ended December 31, 2018, there was no effect of adopting the new accounting principles on contributions and grant revenue in 2019.

ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities), and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10).** These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets.

The Organization's adoption of this standard on January 1, 2019, using the modified retrospective method, resulted in no need for a cumulative effect adjustment to beginning net assets without donor restrictions and no changes to the fair values of its equity securities.

ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The Organization adopted this standard during the first quarter of 2019. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. The Organization had no transactions affected by this standard for the year ended December 31, 2019, and retrospective application resulted in no changes to the financial statements.

ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The Organization adopted this standard during the first quarter of 2019. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows.

The Organization applied the change on a retrospective basis beginning in 2019. The Organization does not have cash that is considered restricted for the years ended December 31, 2018 or December 31, 2019, thus the effect of implementation was no change in total cash and cash equivalents at the beginning of the year in the statement of cash flows.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents Child Aid’s financial assets at December 31, 2019 available to meet general expenditures in the subsequent twelve months:

Financial assets at year-end:	
Cash and cash equivalents	\$ 282,731
Accounts receivable	3,558
Unconditional promises to give	143,331
Investments	<u>1,539,215</u>
Total financial assets	<u>1,968,835</u>
Less amounts not available to be used within one year:	
Total net assets with donor restrictions	298,707
Less net assets with restrictions to be met in less than one year	<u>(125,767)</u>
	<u>172,940</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,795,895</u>

The above-calculated financial assets as of December 31, 2019 available to meet general expenditures and liabilities during 2019 represents over 100% of Child Aid’s 2019 projected cash flow requirements.

As part of its liquidity management, Child Aid has a policy to structure its financial assets to be available as general expenditures and liabilities become due. Based on the professional expertise of its Co-founder and Board Treasurer, excess cash is invested in fixed income, equities, real estate and other securities that are liquidated as necessary to meet cash flow requirements.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following as of December 31, 2019:

Receivable in less than one year	\$ 99,972
Receivable in one to five years	46,000
Total face value of unconditional promises to give	<u>145,972</u>
Less unamortized discount to present value based on a 3% rate	(2,641)
Net unconditional promises to give	<u>\$ 143,331</u>
Included on the statement of financial position as:	
Current asset	\$ 99,972
Non-current asset	43,359
	<u>\$ 143,331</u>

Based on knowledge of the donors, management has determined that no allowance for uncollectible pledges is necessary.

During the 2019 fiscal year, the Organization received a conditional promise of \$126,000 due in \$42,000 increments in 2020, 2021, and 2022. Payment each year is contingent upon meeting program deliverables of the prior program year as specified in the agreement.

NOTE 4 –EQUIPMENT

Equipment consists of the following as of December 31, 2019:

Computer equipment	\$ 24,338
Less accumulated depreciation	<u>15,273</u>
	<u>\$ 9,065</u>

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2019, all of Child Aid’s investments are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1), and consist of the following:

<u>Description of Securities</u>	<u>Fair Value</u>
Cash and equivalents	\$ 369,646
Fixed income	255,894
Equities	852,172
Real estate securities	42,888
Other	18,615
	<u>\$ 1,539,215</u>

Investment return for 2019 is summarized as follows:

Net realized investment gains	\$ 228,653
Net unrealized investment gains (losses)	(52,771)
Interest, dividends and fees	45,564
	<u>\$ 221,446</u>

NOTE 6- NET ASSETS

The detail of the Child Aid's net asset categories at December 31, 2019 is as follows:

Without donor restrictions:

Undesignated	\$ 1,487,797
Investment in property and equipment	9,065
Total without donor restrictions:	<u>\$ 1,496,862</u>

With donor restrictions:

Specific Purpose:

FUNDIT	\$ 129,581
Guatemalan literacy programming	83,348
	<u>212,929</u>

Passage of time:

Available for future operations	<u>85,778</u>
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Total with donor restrictions	<u>\$ 298,707</u>
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Net assets released from donor restrictions during the year ended December 31, 2019 are as follows:

Specific Purpose:

FUNDIT	\$ 112,578
Guatemalan literacy programming	67,758
Other programming purposes	36,384
	<u>216,720</u>

Passage of time:

Supporting general operations	<u>148,054</u>
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Total net assets released from restrictions	<u>\$ 364,774</u>
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NOTE 7- RETIREMENT PLAN

Child Aid has adopted a SEP-IRA retirement plan to cover all eligible employees. Child Aid's contributions to the plan in 2019 amounted to \$20,673.

NOTE 8 – LEASE COMMITMENTS

Child Aid conducts its operations in office facilities rented under an operating lease agreement that expires in December, 2020. Child Aid also entered into three lease agreements in Guatemala that expire in December, 2020, February, 2021 and December, 2023.

The future minimum annual lease payments for the above described lease are as follows:

<u>Year ending December 31,</u>	
2020	\$ 45,720
2021	7,410
2022	7,020
2023	<u>7,020</u>
Total minimum required payments	<u>\$ 67,170</u>

Total rent expense amounted to \$38,502 for 2019.

NOTE 9 - SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated closings of nonessential businesses and activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the mandated closings. As of the report date, Child Aid has shifted to distance learning where possible. Child Aid expects this matter to negatively impact its operating results for fiscal year 2020. The overall related financial impact cannot be reasonably estimated at this time. In May 2020, the Organization received a Paycheck Protection Program Loan from the SBA for \$123,849. Under the terms of the loan program, management expects to meet all applicable program requirements resulting in the complete forgiveness of the loan.