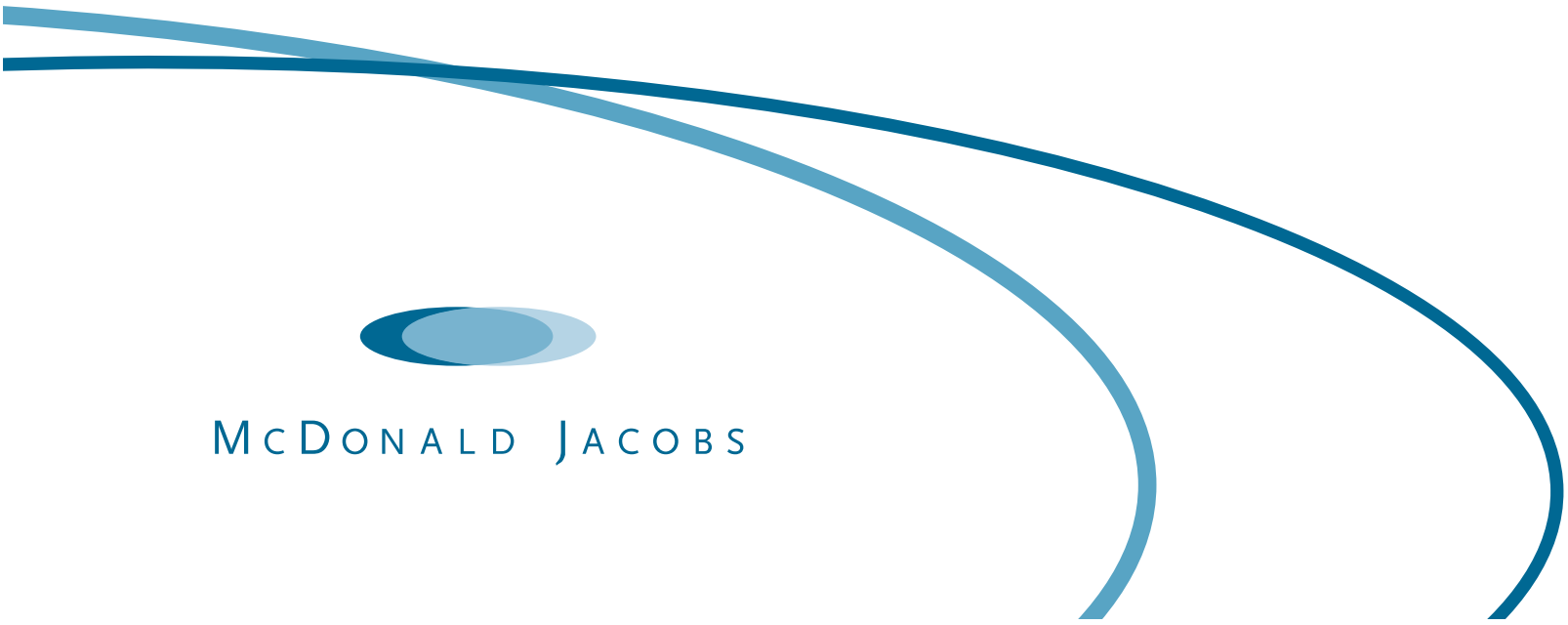
CHILD AID

Audited Financial Statements

For The Year Ended December 31, 2025



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child Aid

Opinion

We have audited the accompanying financial statements of Child Aid (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the financial position of Child Aid as of December 31, 2025, 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. 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 Child Aid 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 Child Aid's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Child Aid'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 Child Aid'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.

Emphasis of Matter – Financial Condition
As discussed in Note 13 to the financial statements, as of December 31, 2025, Child Aid has suffered recurring losses and has limited financial resources available. Management's evaluation of the events and conditions and management's plans regarding these matters are described in Note 13. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Child Aid's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
June 8, 2026

CHILD AID
STATEMENT OF FINANCIAL POSITION
December 31, 2025
(With comparative totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 298,298	$ 290,074
Investments	599,599	1,108,273
Contributions and grants receivable	328,135	331,204
Prepaid expenses	20,238	32,366
Right-of-use assets	2,308	53,634
Property and equipment, net	2,643	2,921
TOTAL ASSETS	$ 1,251,221	$ 1,818,472
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 16,814	$ 41,836
Accrued personnel expenses	362,393	327,254
Operating lease liabilities	2,308	56,521
Total liabilities	381,515	425,611
Net assets:		
Without donor restrictions:		
Undesignated	337,144	784,140
Net property and equipment	2,643	2,921
Total without donor restrictions	339,787	787,061
With donor restrictions	529,919	605,800
Total net assets	869,706	1,392,861
TOTAL LIABILITIES AND NET ASSETS	$ 1,251,221	$ 1,818,472

See notes to financial statements.

CHILD AID
STATEMENT OF ACTIVITIES
For the year ended December 31, 2025
(With comparative totals for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
Support and revenue:				
Contributions and grants	$ 1,364,555	$ 303,208	$ 1,667,763	$ 1,881,940
In-kind contributions	371,568	-	371,568	161,150
Interest, dividends and fees	22,010	-	22,010	44,819
Net realized/unrealized gain	13,590	-	13,590	62,222
Foreign currency translation loss	(1,258)	-	(1,258)	(1,480)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	405,520	(405,520)	-	-
Total support and revenue	2,175,985	(102,312)	2,073,673	2,148,651
Expenses:				
Program services	2,054,213	-	2,054,213	1,533,760
Management and general	257,545	-	257,545	211,892
Fundraising	403,676	-	403,676	434,307
Total expenses	2,715,434	-	2,715,434	2,179,959
Change in net assets before FUNDIT activity	(539,449)	(102,312)	(641,761)	(31,308)
FUNDIT revenue:				
FUNDIT contributions	-	104,876	104,876	101,866
FUNDIT interest, dividends and fees	-	5,934	5,934	6,387
FUNDIT net realized/unrealized gain	-	7,796	7,796	9,800
FUNDIT release of restrictions	92,175	(92,175)	-	-
Total FUNDIT revenue	92,175	26,431	118,606	118,053
Change in net assets	(447,274)	(75,881)	(523,155)	86,745
Net assets:				
Beginning of year	787,061	605,800	1,392,861	1,306,116
End of year	$ 339,787	$ 529,919	$ 869,706	$ 1,392,861

See notes to financial statements.

CHILD AID
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025
(With comparative totals for 2024)

	2025						
	Program Services		Total	Management			
	Child Aid	FUNDIT	Program Services	and General	Fundraising	Total	2024 Total
Personnel expenses	$ 1,045,172	$ -	$ 1,045,172	$ 149,269	$ 182,755	$ 1,377,196	$ 1,183,275
Professional fees	116,197	37,175	153,372	60,745	67,433	281,550	354,826
Grants and allocations	184,862	55,000	239,862	-	-	239,862	101,879
In-kind books and software licenses	266,418	-	266,418	-	-	266,418	21,000
Supplies	51,614	-	51,614	2,627	1,170	55,411	57,614
Professional development	24,716	-	24,716	-	-	24,716	21,984
Insurance	5,638	-	5,638	5,605	-	11,243	11,894
Telephone	54,925	-	54,925	498	689	56,112	57,616
Licenses and fees	10,388	-	10,388	18,173	14,782	43,343	46,804
Printing and publications	31,207	-	31,207	-	121,835	153,042	114,690
Occupancy costs	40,906	-	40,906	6,219	4,477	51,602	48,531
Meetings and travel	125,536	-	125,536	6,116	6,093	137,745	149,629
Bank fees	2,857	-	2,857	4,192	1,486	8,535	7,332
Depreciation expense	-	-	-	1,372	-	1,372	647
Bad debt	-	-	-	-	-	-	-
Miscellaneous	1,602	-	1,602	2,729	2,956	7,287	2,238
Total expenses	$ 1,962,038	$ 92,175	$ 2,054,213	$ 257,545	$ 403,676	$ 2,715,434	$ 2,179,959

See notes to financial statements.

CHILD AID
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025
(With comparative totals for 2024)

	2025	2024
Cash flows from operating activities:		
Cash received from grantors and contributors	$ 1,774,450	$ 1,735,573
Interest and dividends received	34,539	62,027
Cash paid to suppliers and employees	(2,306,217)	(2,036,514)
Cash paid for operating leases	(23,514)	(42,710)
Net cash flows from operating activities	(520,742)	(281,624)
Cash flows from investing activities:		
Purchase of property and equipment	(1,094)	(3,568)
Proceeds from sale of investments	1,396,596	1,015,677
Purchases of investments	(866,536)	(614,358)
Net cash flows from investing activities	528,966	397,751
Net change in cash and cash equivalents	8,224	116,127
Cash and cash equivalents - beginning of year	290,074	173,947
Cash and cash equivalents - end of year	$ 298,298	$ 290,074
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Obtaining right-of-use assets in exchange for lease liabilities	$ -	$ 45,329
Relief of operating lease liability due to lease termination	19,069	-

See notes to financial statements.

1. DESCRIPTION OF ORGANIZATION

Child Aid (the Organization) is a 501(c)(3) public benefit nonprofit corporation located in Portland, Oregon, whose mission is social and economic development through literacy. The focus is 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. Child Aid's contributed support is typically solely through contributions from individuals and grants from foundations and businesses.

Child Aid's program consists of a scaffolded, three-year curriculum of workshops in schools (2 per year) and one-on-one classroom coaching (3 individual sessions after each workshop). The Organization also provides high quality, grade appropriate Spanish language books to each school, along with rolling bookshelves and a classification system. When leaving a school, a book collection has been built with between 6-7 volumes per student. In addition, staff spend 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, there is 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, the three-year intervention represents at least 350 hours spent with each school.

Child Aid also provides financial support and oversight for 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; a scholarship program for primary and secondary students who otherwise would not be able to continue in school. This restricted activity is reported separately in the statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets, Continued

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments without donor restrictions with initial maturities of three months or less at the date of purchase to be cash equivalents. It excludes cash held with investments.

Investments

Investments are carried at fair value. Investment income is reported as an increase in net assets without donor restrictions unless restricted by the donor in which case it is classified according to the nature of the restriction until appropriated for expenditure.

Contributions and Grants Receivable

Government and other grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables are written off directly to the account balance when, in management's estimation, it is probable that the outstanding balance will not be collected.

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. Contributions and grants receivable are expected to be collected within one year as of December 31, 2025 and 2024.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases, Continued

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Property and Equipment

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which is three years.

Accrued Separation Benefits

Under Guatemalan law, Guatemalan employees are entitled to indemnization upon separation from employment. The liability is based on the number of years the employee has worked at the Organization times the highest monthly salary during that time of employment. See Note 11.

Revenue Recognition

Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization has a $50,000 conditional grant award that is conditioned on the Organization submitting an annual report, financial audit, and Form 990. This amount will be recognized once the conditions are satisfied.

Subsequent Events

The Organization has evaluated all subsequent events through June 8, 2026, the date the financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses

The costs of providing various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel, licenses and fees, rent, and bank fees are allocated based on time and effort. Shared costs including meetings and travel, printing and publications, professional fees, supplies, and telephone are also allocated based on time and effort.

Income Taxes

Child Aid is a nonprofit corporation exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes.* Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this topic.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2024

The financial information as of December 31, 2024 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 298,298	$ 290,074
Investments	599,599	1,108,273
Contributions and grants receivable	328,135	331,204
	1,226,032	1,729,551
Less amounts unavailable for general expenditure:		
Indemnization	(345,799)	(304,851)
Net assets with donor restrictions	(227,669)	(280,800)
Financial assets available for general expenditure	$ 652,564	$ 1,143,900

4. INVESTMENTS

Investments consist of the following at December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 17,931	$ 25,312
Fixed income securities	268,515	309,178
Equities	272,649	684,878
Exchange traded funds	24,839	75,590
Other	15,665	13,315
Total investments	$ 599,599	$ 1,108,273

4. INVESTMENTS, Continued

Investments are held for the following purposes at December 31, 2025 and 2024:

	2025	2024
Restricted investments (FUNDIT)	$ 191,305	$ 177,575
Unrestricted investments	408,294	930,698
Total investments	$ 599,599	$ 1,108,273

5. OPERATING LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Organization's right to use an underlying asset for the lease term, and the operating lease liability represents the Organization's obligation to make lease payments arising from the lease. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Organization's operating leases consists of program and office space leases with remaining lease terms of less than one year. In addition, the Organization has a one-year lease without any renewal provisions. This is accounted for as a short-term lease.

The following summarizes the line items in the statement of financial position which include amounts for the operating leases as of December 31, 2025 and 2024:

	2025	2024
Operating lease right-of-use-assets	$ 2,308	$ 53,634
Operating lease liabilities	$ 2,308	$ 56,521

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2025 and 2024:

	2025	2024
Weighted average remaining lease term	0.4	1.3
Weighted average discount rate	4.71%	4.24%

5. OPERATING LEASES, Continued

The maturities of the operating lease liabilities as of December 31, 2025 are approximately $2,300 for the year ending December 31, 2026.

For the years ended December 31, 2025 and 2024, total operating lease cost is included in occupancy expense in the accompanying statement of functional expenses and consisted of the following:

	2025	2024
Operating lease cost	$ 34,240	$ 42,710
Short-term lease cost	16,500	-
	$ 50,740	$ 42,710

In February 2025, the Organization terminated an office lease early which had a ROU balance of $19,970 and lease liability of $21,952 as of December 31, 2024.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025 and 2024:

	2025	2024
Equipment	$ 14,053	$ 12,960
Accumulated depreciation	(11,410)	(10,039)
Property and equipment, net	$ 2,643	$ 2,921

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025 and 2024 consist of the following:

	2025	2024
FUNDIT	$ 222,698	$ 196,267
Guatemalan literacy programming	4,971	84,533
Available for future operations	302,250	325,000
Total net assets with donor restrictions	$ 529,919	$ 605,800

8. CONTRIBUTED NONFINANCIAL ASSETS (IN-KIND CONTRIBUTIONS)

The Organization received the following contributions of nonfinancial assets for the years ended December 31, 2025 and 2024:

	2025	2024
Books and program supplies	$ 245,418	$ -
Management services	105,150	105,150
Professional fees	-	35,000
Software licenses	21,000	21,000
Total contributed nonfinancial assets	$ 371,568	$ 161,150

These donations are reported in the statement of functional expenses as follows for the years ended December 31, 2025 and 2024:

	2025		
	Program	Management	Fundraising
Management services	$ 52,574	$ 26,288	$ 26,288
Books and program supplies	245,418	-	-
Software licenses	21,000	-	-
Total contributed nonfinancial assets	$ 318,992	$ 26,288	$ 26,288

	2024		
	Program	Management	Fundraising
Management services	$ 82,367	$ 10,515	$ 12,268
Professional fees	35,000	-	-
Software licenses	21,000	-	-
Total contributed nonfinancial assets	$ 138,367	$ 10,515	$ 12,268

The value assigned to books and supplies is the difference between the amount paid and the market price provided by the vendor.

Management services represent the difference between the salary paid and the estimated value of the position based on comparable market data.

Investment advisory services, professional fees and software licenses reflect market value as provided by the service provider.

9. RETIREMENT PLAN

The Organization has a SEP-IRA retirement plan (the plan) which is available to all eligible employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization contributed approximately $20,500 and $20,900 to the plan during the years ended December 31, 2025 and 2024, respectively.

10. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution located in Portland, Oregon. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Contributions and grants receivable are concentrated with virtually the entire balance due from a single source (one individual at December 31, 2025 and 2024). Revenues are concentrated with 36% and 49% (including inkind) coming from one individual for the years ended December 31, 2025 and 2024, respectively.

11. FOREIGN OPERATIONS

In connection with its Guatemalan operations, Child Aid employs staff, leases facilities, and incurs general operating expenses. The Organization also has cash accounts that are held in Guatemalan quetzals. In addition, the statement of financial position includes accrued employee termination indemnification costs required under Guatemalan laws. The account balances and transactions have been translated to U.S. dollars for reporting purposes with any gain or loss from currency translation reported on the statement of activities.

11. FOREIGN OPERATIONS, Continued

The statement of activities amounts have been translated using the current exchange rate at the time of recognizing the transactions. Balances (translated to U.S dollars) at December 31, 2025 and 2024 consists of the following:

	2025	2024
Cash held (included in cash and cash equivalents)	$ 12,586	$ 7,276
Accrued indemnization (included in accrued personnel expenses)	$ 345,799	$ 304,851

12. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs are categorized by different levels as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

12. FAIR VALUE MEASUREMENTS, Continued

Investments recorded at fair value consist of the following at December 31, 2025 and 2024:

	Total	Level 1	Level 2
December 31, 2025			
Investments recorded at fair value:			
Corporate stocks	$ 272,649	$ 272,649	$ -
Exchange traded funds	24,839	24,839	-
Corporate bonds	268,515	-	268,515
Other	15,665	-	15,665
Total fair value investments	581,668	$ 297,488	$ 284,180
Cash and cash equivalents	17,931		
Total invested assets	$ 599,599		

	Total	Level 1	Level 2
December 31, 2024			
Investments recorded at fair value:			
Corporate stocks	$ 684,878	$ 684,878	$ -
Exchange traded funds	75,590	75,590	-
Corporate bonds	309,178	-	309,178
Other	13,315	-	13,315
Total fair value investments	1,082,961	$ 760,468	$ 322,493
Cash and cash equivalents	25,312		
Total invested assets	$ 1,108,273		

13. FINANCIAL CONDITION

As shown in the accompanying financial statements, the Organization sustained a significant loss in 2025 and has limited liquidity as of the end of the year.

To address this, management is implementing the following strategies:

Revenue Generation: Between key staff management and the Board of Directors, Child Aid drafted and approved a development plan aimed at raising $1.5 million in revenue in addition to the founder commitments. This plan includes the following:

- From January to June, the management team has identified, written, and sent over $1 million in grant proposal to 17 private grantmaking foundations.

- The Co-CEOS and Director of Development are working with HUB Ltd, our long-time marketing and branding company to tightly integrate marketing and communications planning to align with the proposed revenue targets. This includes, in addition, to our usual donor outreach and social media marketing, the introduction of a two-prong initiative (Fundraiser in a Box) to help our donors form nodes of networks to raise funds. These fundraisers will be linked to a school sponsorship opportunity at three donation levels.

- Co-CEO/founder and Chief Development Officer have established and implemented a plan to provide quarterly outreach to 260 individuals donors, including major and mid-range donors. These personalized outreach plans have already been implemented for the first half of 2026, leading to some increased and early donations.

- Child Aid has obtained two major gift pledges totaling close to $700,000 for fiscal year 2026.

- A commitment from at least two Board members and the Chief Development Officer to organize fundraising events expected to generate close to $150,000 in donations.

- Board of Director engagement and resource development.

13. FINANCIAL CONDITION, Continued

Expense Reductions: As part of our annual budget process and quarterly consultations with our treasurer and board executive committee, we have begun cost savings measures that will not impact program delivery, including reduction in office rental space and reconfiguring US staffing. We expect these will lead to a reduction in our costs in 2026 of over $50,000 and continue into 2027.

Other: The US Co-CEO and the Director of Development have put together a framework for scenario planning for various contingencies that might emerge at the close of 2026. These will be presented to, and discussed together with, the Board of Directors at the June Board meeting.