

CHILDREN'S FUTURE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

CHILDREN'S FUTURE INTERNATIONAL, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

December 19, 2025

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Children's Future International, Inc.
Denver, Colorado

We have reviewed the accompanying financial statements of **Children's Future International, Inc.** (a New York nonprofit corporation), which comprise the statement of financial position as of June 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Children's Future International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed Children's Future International, Inc.'s 2024 financial statements and in our conclusion dated November 18, 2024, stated that based on our review, we were not aware of any material modifications that should be made to the 2024 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are unaware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2024, for it to be consistent with the reviewed financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

	2025	(Restated) 2024
<u>Assets</u>		
Cash and cash equivalents	\$ 130,853	\$ 155,012
Grants and contribution receivable (Note 3)	49,107	38,610
Prepaid expenses and other	207	308
Right of use asset (Note 4)	2,072	13,753
Cash restricted for capital projects	15,948	38,904
Property and equipment, net (Note 5)	<u>433,698</u>	<u>181,111</u>
Total assets	<u>\$ 631,885</u>	<u>\$ 427,698</u>
<u>Liabilities and net assets</u>		
Liabilities		
Accounts payable	\$ 344	\$ 331
Accrued payroll liabilities	6,862	4,458
Lease liability (Note 4)	<u>-</u>	<u>11,681</u>
Total liabilities	<u>7,206</u>	<u>16,470</u>
Net assets		
Without donor restrictions	592,484	346,324
With donor restrictions (Note 6)	<u>32,195</u>	<u>64,904</u>
Total net assets	<u>624,679</u>	<u>411,228</u>
Total liabilities and net assets	<u>\$ 631,885</u>	<u>\$ 427,698</u>

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			(Restated) 2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundation and other grants	\$ 74,855	\$ 261,028	\$ 335,883	\$ 399,059
Individual contributions (Note 7)	100,491	202,910	303,401	135,190
Government grants	-	91,008	91,008	82,689
Partner grants and contributions	33,228	25,065	58,293	48,282
In-kind contributions (Note 8)	795	-	795	3,000
Other	687	-	687	718
Interest income	214	-	214	250
Corporate contributions	-	-	-	4,500
Net assets released from restrictions (Note 9)	<u>612,720</u>	<u>(612,720)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>822,990</u>	<u>(32,709)</u>	<u>790,281</u>	<u>673,688</u>
<u>Expense</u>				
Program services	481,970	-	481,970	463,077
Supporting services				
Management and general	76,613	-	76,613	75,744
Fundraising	<u>18,247</u>	<u>-</u>	<u>18,247</u>	<u>17,054</u>
Total expense	<u>576,830</u>	<u>-</u>	<u>576,830</u>	<u>555,875</u>
Change in net assets	246,160	(32,709)	213,451	117,813
Net assets, beginning of year	<u>346,324</u>	<u>64,904</u>	<u>411,228</u>	<u>293,415</u>
Net assets, end of year	<u>\$ 592,484</u>	<u>\$ 32,195</u>	<u>\$ 624,679</u>	<u>\$ 411,228</u>

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>			<u>2024</u>
	Supporting Services			
	Program Services	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	\$ 255,436	\$ 58,947	\$ 13,099	\$ 327,482
Client expenses (Note 10)	167,352	-	-	167,352
Travel	15,069	-	-	15,069
Lease	9,802	2,262	503	12,567
Office	6,911	1,595	354	8,860
Staff development	6,931	-	-	6,931
Legal and professional	-	6,468	-	6,468
Utilities	4,281	988	220	5,489
Data communications	2,581	596	132	3,309
Processing fees	-	1,647	1,647	3,294
Repairs and maintenance	2,556	-	-	2,556
Events	-	-	1,218	1,218
Ground transportation and repair	1,148	-	-	1,148
Marketing outreach	-	-	1,074	1,074
Licenses and fees	759	302	-	1,061
Bank fees	-	1,054	-	1,054
Insurance	-	663	-	663
Other	191	1,620	-	1,811
	473,017	76,142	18,247	567,406
Depreciation	8,953	471	-	9,424
Total expenses	\$ 481,970	\$ 76,613	\$ 18,247	\$ 576,830
				\$ 555,875

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>	<u>2024</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 213,451	\$ 117,813
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	9,424	7,867
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and contribution receivable	(10,497)	(2,549)
(Increase)decrease in prepaid expense and other	101	(308)
Increase(decrease) in accounts payable	13	(141)
Increase(decrease) in accrued payroll liabilities	<u>2,404</u>	<u>(765)</u>
Net cash provided(used) by operating activities	<u>214,896</u>	<u>121,917</u>
<u>Cash flows used by investing activities</u>		
Purchases of fixed assets	<u>(262,011)</u>	<u>(78,874)</u>
Net increase(decrease) in cash and cash equivalents	(47,115)	43,043
Cash, cash equivalents, and restricted cash, beginning of year	<u>193,916</u>	<u>150,873</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 146,801</u>	<u>\$ 193,916</u>

See accompanying notes and independent accountant's report

CHILDREN'S FUTURE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 - NATURE OF ACTIVITIES

Children's Future International, Inc. (CFI or the Organization) was incorporated in 2008 as a nonprofit corporation in the state of New York. The Organization is uniquely positioned to empower children and youth in rural Cambodia to break the cycle of poverty. The Organization serves approximately 1,000 children and youth that were previously not attending school and at risk of violence, neglect, abuse, human trafficking and child labor.

CFI works in four main areas to best serve the whole child of our students: supplemental education, education advocacy, social work and youth empowerment projects. The Organization's approximately 60 staff use international standards and tools to evaluate each child's situation and best incorporate their individual needs and desires. This support system provides us the possibility to best tailor the support to the child and their family. CFI's intake/exit system ensures that all children are safe and supported, while prioritizing the most vulnerable and reducing service dependency of families. This way, we ensure the most vulnerable are not left behind while empowering them to make a difference in their life and community.

This year, significant construction of the new CFI home has been made, with the kitchen, library, and majority of the classrooms being finished in time for moving in early FY 26. The construction is set to be fully finished and the grand opening held at the end of FY 26.

The Organization receives funding primarily from foundation and other grants and individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report 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 the Organization's management and 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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation (Continued)

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.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash represents cash held for capital projects. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position and the totals in the statement of cash flows:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 130,853
Restricted cash	<u>15,948</u>
Total	<u><u>\$ 146,801</u></u>

4. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether it will be classified as an operating or finance lease based upon the accounting criteria. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate to determine the present value of the future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms 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.

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$3,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended June 30, 2025, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated include salaries, taxes, and benefits which are allocated based on time and effort. Rent is allocated based upon use. Other expenses are allocated based upon the program or supporting service benefited.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include enough detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

10. Subsequent Events

Management has evaluated subsequent events through December 19, 2025, the date the financial statements were available to be issued.

NOTE 3 - GRANTS AND CONTRIBUTION RECEIVABLE

Grants and contribution receivable primarily consists of a grant from an international aid nonprofit. Management has evaluated the receivables and does not believe that an allowance for doubtful accounts is necessary. The receivables are anticipated to be collected during the upcoming year.

NOTE 4 - RIGHT OF USE ASSETS AND LEASE LIABILITIES

During a prior year, the Organization entered into five separate lease agreements for land and existing structures in Cambodia. The leases covered the school and house as well as gardens and a football/soccer field. The leases terminated on August 31, 2025 and the final semiannual payment was made March 1, 2025.

Lease cost is solely comprised of the operating lease costs. The discount rate used to calculate the present value of future minimum lease payments was 8.50%. The remaining lease term was two months as of year-end.

NOTE 4 - RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

Supplemental cash flow information follows:

<u>Description</u>	<u>Amount</u>
Cash paid for amounts included in measurement of lease liabilities	
Operating cash outflows from operating leases	\$ 12,317

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 305,134
Land	75,824
Land improvements	58,039
Leasehold improvements	44,342
Computers and other equipment	<u>29,141</u>
 Total	512,480
Less: accumulated depreciation	<u>(78,782)</u>
 Net property and equipment	<u>\$ 433,698</u>

In 2014, the Organization funded an acquisition of land parcels near its facilities in Cambodia. The ownership of the land is held by two employees on behalf of the Organization. Under Cambodian law land ownership is reserved to natural and legal Cambodians. The Organization has also entered into an agreement with the two employees and local Cambodian government officials under which the Organization has exclusive rights to develop and or sell the land. The total capitalized cost of the land parcels is \$75,824. See Note 13.

During the year, the Organization continued to make improvements to the land parcels including completion and construction of fencing. The Organization also constructed a library and classrooms. The remaining construction on unfinished classrooms is anticipated to be completed early in the upcoming year. A total of \$363,173 has been capitalized in connection with the land improvements and buildings over the past several years.

NOTE 6 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Capital improvements	\$ 15,948
Soccer/Lego program	8,575
Social work	<u>7,672</u>
 Total	<u>\$ 32,195</u>

NOTE 7 - INDIVIDUAL CONTRIBUTIONS

Individual contributions include contributions of \$202,910 restricted for capital improvement projects. The contributions were used for land improvements and building construction during the year. Remaining unspent funds are anticipated to be used for future construction.

NOTE 8 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Clothing and supplies	Programs	None	<u>\$ 795</u>

Clothing received from a local manufacturer was valued at estimated retail value.

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the following restricted program purposes:

<u>Description</u>	<u>Amount</u>
Capital improvements	\$ 239,444
Social work	137,793
Youth empowerment	128,225
Education	61,726
Nutrition	19,980
Housing	18,500
Staff development	<u>7,052</u>
Total	<u>\$ 612,720</u>

NOTE 10 - CLIENT EXPENSES

Client expenses is comprised of the following:

<u>Description</u>	<u>Amount</u>
Services	\$ 82,817
Materials	23,680
Events	19,805
Food	19,121
Personal needs	14,957
Education fees and other	<u>6,972</u>
Total	<u>\$ 167,352</u>

NOTE 11 - RETIREMENT PLAN

The Organization's employees participate in a retirement plan under the Cambodian National Social Security Fund. The retirement plan requires both employers and employees to contribute 2% of an employee's salary capped at \$300 of salary per month. The Organization's contributions to the retirement plan were \$3,780.

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year of June 30, 2025:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents, including cash restricted for capital projects	\$ 146,801
Grants and contribution receivable	<u>49,107</u>
Total financial assets	195,908
Less amounts not available to be used within one year	
Cash restricted for capital projects	(15,948)
Donor purpose restricted net assets	<u>(16,247)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 163,713</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's goal is to maintain financial assets to meet at least two months of anticipated general operating expenses (approximately \$75,000 - \$80,000).

NOTE 13 - FOREIGN OPERATIONS

The Organization's programs are based in Cambodia. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

In connection with the Organization's operations, the Organization maintains leased facilities and funded the acquisition of land and related construction in Cambodia. As of June 30, 2025, assets in Cambodia were comprised of cash in the amount of \$39,141 and property and equipment, net of accumulated depreciation, \$433,698. Total overseas support and revenue received from foreign sources amounted to approximately \$318,000 in 2025.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The prior year financial statements included an understatement of the right of use assets in the amount of \$2,072. The prior year balances were restated in the current year financial statements, resulting in an increase to net assets, in the amount of \$2,072 as of June 30, 2024.