

CHILDREN'S FUTURE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

CHILDREN'S FUTURE INTERNATIONAL, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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October 25, 2026

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, 2026, 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 2025 financial statements and in our conclusion dated December 19, 2025, stated that based on our review, we were not aware of any material modifications that should be made to the 2025 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, 2025, 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, 2026

(WITH COMPARATIVE TOTALS FOR 2025)

	<u>2026</u>	<u>2025</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 83,442	\$ 130,853
Grant and contribution receivable (Note 3)	26,062	49,107
Prepaid expenses and other	428	207
Operating lease right of use asset (Note 4)	-	2,072
Cash restricted for capital projects	34,755	15,948
Property and equipment, net (Note 5)	672,624	433,698
Total assets	<u>\$ 817,311</u>	<u>\$ 631,885</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ -	344
Construction retention payable (Note 6)	44,406	-
Accrued payroll liabilities	8,217	6,862
Total liabilities	<u>52,623</u>	<u>7,206</u>
<u>Net assets</u>		
Without donor restrictions	707,801	592,484
With donor restrictions (Note 7)	56,887	32,195
Total net assets	<u>764,688</u>	<u>624,679</u>
Total liabilities and net assets	<u>\$ 817,311</u>	<u>\$ 631,885</u>

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundation and other grants	\$ 75,000	\$ 234,631	\$ 309,631	\$ 335,883
Individual contributions (Note 8)	73,532	167,000	240,532	303,401
Partner grants and contributions	75,561	17,313	92,874	58,293
Interest income	135	-	135	214
Other	122	-	122	687
In-kind contributions (Note 9)	672	-	672	795
Government grants	-	-	-	91,008
Net assets released from restrictions (Note 10)	394,252	(394,252)	-	-
Total revenue and other support	619,274	24,692	643,966	790,281
<u>Expense</u>				
Program services	445,601	-	445,601	481,970
Supporting services				
Management and general	40,593	-	40,593	76,613
Fundraising	17,763	-	17,763	18,247
Total expense	503,957	-	503,957	576,830
Change in net assets	115,317	24,692	140,009	213,451
Net assets, beginning of year	592,484	32,195	624,679	411,228
Net assets, end of year	\$ 707,801	\$ 56,887	\$ 764,688	\$ 624,679

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2026

(WITH COMPARATIVE TOTALS FOR 2025)

	2026				2025
		Supporting Services			
	Program	Management and General	Fundraising	Total	Total
	Services				
Salaries, payroll taxes, and benefits	\$ 263,439	\$ 24,224	\$ 15,141	\$ 302,804	\$ 327,482
Client expenses (Note 11)	129,949	-	-	129,949	167,352
Office	10,734	2,477	550	13,761	8,860
Repairs and maintenance	10,017	-	-	10,017	2,556
Legal and professional	-	6,552	-	6,552	6,468
Travel	5,192	629	-	5,821	15,069
Utilities	4,490	1,036	230	5,756	5,489
Staff development	3,751	-	-	3,751	6,931
Data communications	2,768	639	142	3,549	3,309
Processing fees	-	1,123	1,123	2,246	3,294
Lease	1,616	373	83	2,072	12,567
Ground transportation and repair	1,316	-	-	1,316	1,148
Bank fees	-	1,143	-	1,143	1,054
Insurance	-	863	-	863	663
Marketing outreach	-	-	492	492	1,074
Licenses and fees	-	115	-	115	1,061
Events	-	-	2	2	1,218
Other	191	780	-	971	1,811
	433,463	39,954	17,763	491,180	567,406
Depreciation	12,138	639	-	12,777	9,424
Total expenses	<u>\$ 445,601</u>	<u>\$ 40,593</u>	<u>\$ 17,763</u>	<u>\$ 503,957</u>	<u>\$ 576,830</u>

See accompanying notes and independent accountant's review report

CHILDREN'S FUTURE INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026
(WITH COMPARATIVE TOTALS FOR 2025)

	<u>2026</u>	<u>2025</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 140,009	\$ 213,451
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Contributions restricted to capital improvements	(205,252)	(216,488)
Depreciation	12,777	9,424
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grant and contribution receivable	23,045	(10,497)
(Increase)decrease in prepaid expenses and other	(221)	101
(Increase)decrease in right of use asset and lease liability	2,072	-
Increase(decrease) in accounts payable	(344)	13
Increase(decrease) in accrued payroll liabilities	1,355	2,404
Net cash provided(used) by operating activities	<u>(26,559)</u>	<u>(1,592)</u>
<u>Cash flows used by investing activities</u>		
Purchases of property and equipment	<u>(207,297)</u>	<u>(262,011)</u>
<u>Cash flows provided by financing activities</u>		
Collection of contributions restricted to capital improvements	<u>205,252</u>	<u>216,488</u>
Net increase(decrease) in cash and cash equivalents	(28,604)	(47,115)
Cash, cash equivalents, and restricted cash, beginning of year	146,801	193,916
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 118,197</u>	<u>\$ 146,801</u>
<u>Supplemental Disclosure of Non-cash Investing Activity</u>		
Construction retention payable for capital improvements	<u>\$ 44,406</u>	<u>\$ -</u>

See accompanying notes and independent accountant's report

CHILDREN'S FUTURE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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 served approximately 1,300 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 45 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, the Organization moved to their new center in September 2025 and the construction of CFI's new permanent home was completed in June 2026.

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	\$ 83,442
Restricted cash	<u>34,755</u>
Total	<u>\$ 118,197</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. Revenue Recognition

The Organization recognizes contributions when cash, securities, or an unconditional promise to give is received. Conditional promises with measurable performance or other barriers and a right of return are not recognized until the conditions on which they depend have been met. Partner grants and contributions represent revenue received from like-minded European based supporters.

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

7. 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.

8. 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.

9. Functional Reporting of Expenses

For the year ended June 30, 2026, 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. Other expenses are allocated based upon the program or supporting service benefited.

10. 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, 2025, from which the summarized information was derived.

11. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

12. Subsequent Events

Management has evaluated subsequent events through October 25, 2026, the date the financial statements were available to be issued.

NOTE 3 - GRANT AND CONTRIBUTION RECEIVABLE AND CREDIT CONCENTRATION

Grant and contribution receivable consists of a grant from an international aid nonprofit. Management has evaluated the grant receivable and does not believe that an allowance for doubtful accounts is necessary. The receivable is 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.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 517,030
Land improvements	97,846
Land	75,824
Computers and other equipment	<u>24,862</u>
Total	715,562
Less: accumulated depreciation	<u>(42,938)</u>
Net property and equipment	<u>\$ 672,624</u>

In 2014, the Organization funded an acquisition of land parcels near its former 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 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 14.

During the year, the Organization completed construction of classrooms and an office building. A total of \$690,700 has been capitalized for land, land improvements, and buildings over the past several years.

NOTE 6 - CONSTRUCTION RETENTION PAYABLE

The Organization has remaining payments of \$44,406 owed to the construction contractor of its new center for buildings completed during the year. Upon final inspection approval, the Organization anticipates making payments of \$27,285, \$11,367, and \$5,754 in July 2026, September 2026, and July 2027, respectively.

NOTE 7 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Capital improvements	\$ 34,755
Education	10,016
Social work	6,118
Staff development	<u>5,998</u>
Total	<u>\$ 56,887</u>

NOTE 8 - INDIVIDUAL CONTRIBUTIONS

Individual contributions include contributions of \$167,000 restricted for capital improvement projects. The contributions were used for land improvements and building construction during the year. Unspent capital improvement contributions at year-end will be used to pay the remaining construction retention balances.

NOTE 9 - 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>\$ 672</u>

Clothing was valued at estimated retail value.

NOTE 10 - 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	\$ 186,445
Youth empowerment	82,593
Social work	34,128
Education	24,572
Nutrition	24,480
Swimming	21,554
Housing	16,500
Displaced individuals	<u>3,980</u>
Total	<u>\$ 394,252</u>

NOTE 11 - CLIENT EXPENSES

Client expenses is comprised of the following:

<u>Description</u>	<u>Amount</u>
Personal needs	\$ 44,323
Materials	25,516
Events	25,348
Food	21,273
Education fees and other	<u>13,489</u>
Total	<u>\$ 129,949</u>

NOTE 12 - 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 \$3,718.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year of June 30, 2026:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents, including cash restricted for capital projects	\$ 118,197
Grant and contribution receivable	<u>26,062</u>
Total financial assets	144,259
Less amounts not available to be used within one year	
Cash restricted for capital projects	(34,755)
Donor purpose restricted net assets – non capital projects	<u>(22,132)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 87,372</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 14 - 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.

As of June 30, 2026, assets in Cambodia were comprised of cash in the amount of \$53,478 and property and equipment, net of accumulated depreciation, \$636,780. Total overseas support and revenue received from foreign sources amounted to approximately \$309,000 in 2026.