

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2015 AND 2014**

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – 2015	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – 2014	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	19
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	20
CONSOLIDATING STATEMENT OF ACTIVITIES	21
STATEMENT OF FUNCTIONAL EXPENSES – U.S. OPERATIONS	22
STATEMENT OF CASH FLOWS – U.S. OPERATIONS	23



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Global Fund for Children
Washington, DC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Global Fund for Children and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of The Global Fund for Children UK Trust, a wholly owned affiliate, which statements reflect total assets of \$204,490 and \$195,794 as of June 30, 2015 and 2014, respectively, and total revenues of \$1,140,315 and \$747,282, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Global Fund for Children UK Trust, is based solely on the report of the other auditors. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Global Fund for Children

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Global Fund for Children and its Affiliate as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 29, 2015

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	2015	2014
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 3,708,342	\$ 2,384,068
Promises to Give	540,407	2,223,892
Accounts Receivable - other	8,037	-
Prepaid Expenses	7,363	27,366
Investments	1,598,512	1,561,841
Property and Equipment (Net)	134,016	184,478
Deposits	16,617	13,832
Total Assets	\$ 6,013,294	\$ 6,395,477
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 203,822	\$ 819,344
Accrued Vacation/Payroll	111,363	86,215
Deferred Lease Obligation	175,315	209,952
Capital Lease Obligation	6,257	8,752
Total Liabilities	496,757	1,124,263
NET ASSETS		
Unrestricted	2,251,976	1,490,506
Temporarily Restricted	2,222,499	2,693,832
Permanently Restricted (Endowment)	1,042,062	1,086,876
Total Net Assets	5,516,537	5,271,214
Total Liabilities and Net Assets	\$ 6,013,294	\$ 6,395,477

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Gifts and Grants	\$ 1,689,865	\$ 5,078,900	\$ -	\$ 6,768,765	\$ 2,506,610	\$ 4,082,606	\$ -	\$ 6,589,216
Book Revenues and Royalties	20,912	-	-	20,912	22,847	-	-	22,847
Investment Income	21,904	-	-	21,904	227,034	-	-	227,034
Other	-	-	-	-	1,517	-	-	1,517
Net Assets Released from Restrictions	5,599,303	(5,550,233)	(49,070)	-	3,919,617	(3,914,764)	(4,853)	-
Total Revenue	<u>7,331,984</u>	<u>(471,333)</u>	<u>(49,070)</u>	<u>6,811,581</u>	<u>6,677,625</u>	<u>167,842</u>	<u>(4,853)</u>	<u>6,840,614</u>
EXPENSES								
Program Services:								
Communications	255,034	-	-	255,034	278,444	-	-	278,444
Programs	4,452,722	-	-	4,452,722	5,573,444	-	-	5,573,444
Total Program Services	<u>4,707,756</u>	<u>-</u>	<u>-</u>	<u>4,707,756</u>	<u>5,851,888</u>	<u>-</u>	<u>-</u>	<u>5,851,888</u>
Supporting Services:								
Management and General	496,555	-	-	496,555	546,191	-	-	546,191
Fundraising	1,361,947	-	-	1,361,947	1,375,964	-	-	1,375,964
Total Supporting Services	<u>1,858,502</u>	<u>-</u>	<u>-</u>	<u>1,858,502</u>	<u>1,922,155</u>	<u>-</u>	<u>-</u>	<u>1,922,155</u>
Total Expenses	<u>6,566,258</u>	<u>-</u>	<u>-</u>	<u>6,566,258</u>	<u>7,774,043</u>	<u>-</u>	<u>-</u>	<u>7,774,043</u>
CHANGE IN NET ASSETS	765,726	(471,333)	(49,070)	245,323	(1,096,418)	167,842	(4,853)	(933,429)
Net Assets - Beginning of Year	1,490,506	2,693,832	1,086,876	5,271,214	2,586,924	2,525,990	1,091,729	6,204,643
Net Asset Reclassification	(4,256)	-	4,256	-	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 2,251,976</u>	<u>\$ 2,222,499</u>	<u>\$ 1,042,062</u>	<u>\$ 5,516,537</u>	<u>\$ 1,490,506</u>	<u>\$ 2,693,832</u>	<u>\$ 1,086,876</u>	<u>\$ 5,271,214</u>

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Communications</u>	<u>Programs</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Grants	\$ -	\$ 2,304,477	\$ 2,304,477	\$ -	\$ -	\$ -	\$ 2,304,477
Salaries and Benefits	96,473	1,250,991	1,347,464	271,308	810,851	1,082,159	2,429,623
Consultants and Professional Services	103,407	135,051	238,458	39,909	92,746	132,655	371,113
Intern Program	-	11,150	11,150	-	4,464	4,464	15,614
Staff Development/Activities	-	4,778	4,778	10,908	1,956	12,864	17,642
Knowledge Exchanges	-	144,511	144,511	-	-	-	144,511
Conferences and Meetings	48	10,093	10,141	-	1,406	1,406	11,547
Events	-	-	-	-	70,401	70,401	70,401
Travel	4,621	156,989	161,610	40,663	24,287	64,950	226,560
Annual Report	6,731	12,469	19,200	1,346	5,314	6,660	25,860
Communication and Materials	-	-	-	-	17,230	17,230	17,230
Accounting and Auditing	-	-	-	39,326	-	39,326	39,326
Legal - Donated Services	-	-	-	39,616	-	39,616	39,616
Computers, Software and Technology	6,654	30,146	36,800	69,913	53,735	123,648	160,448
Office Supplies and Stationary	8	606	614	9,799	229	10,028	10,642
Printing and Photocopying	-	1,789	1,789	7,224	-	7,224	9,013
Postage and Shipping	-	292	292	4,745	52	4,797	5,089
Equipment Leases and Maintenance	(183)	(1,417)	(1,600)	10,175	(699)	9,476	7,876
Dues and Subscriptions	160	214	374	1,421	1,220	2,641	3,015
Bank and Payroll Processing Fees	-	12,738	12,738	14,926	5,348	20,274	33,012
Registration Fees	-	-	-	141	11,012	11,153	11,153
Telephone	-	217	217	33,226	966	34,192	34,409
Insurance	-	276	276	27,552	-	27,552	27,828
Unfulfilled Pledges	-	-	-	-	59,070	59,070	59,070
Depreciation	-	-	-	57,293	-	57,293	57,293
Foreign Exchange Gain	-	-	-	18,975	-	18,975	18,975
Rent	24,305	225,373	249,678	33,879	131,358	165,237	414,915
Direct Expenses	<u>242,224</u>	<u>4,300,743</u>	<u>4,542,967</u>	<u>732,345</u>	<u>1,290,946</u>	<u>2,023,291</u>	<u>6,566,258</u>
Indirect Expenses	12,810	151,979	164,789	(235,790)	71,001	(164,789)	-
Total Expenses	<u>\$ 255,034</u>	<u>\$ 4,452,722</u>	<u>\$ 4,707,756</u>	<u>\$ 496,555</u>	<u>\$ 1,361,947</u>	<u>\$ 1,858,502</u>	<u>\$ 6,566,258</u>

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	Program Services			Supporting Services			Total Expenses
	Communications	Programs	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 3,756,275	\$ 3,756,275	\$ -	\$ -	\$ -	\$ 3,756,275
Salaries and Benefits	64,171	1,035,898	1,100,069	359,551	767,257	1,126,808	2,226,877
Consultants and Professional Services	170,060	32,126	202,186	105,021	44,427	149,448	351,634
Intern Program	1,040	15,833	16,873	-	6,426	6,426	23,299
Staff Development/Activities	-	4,417	4,417	7,451	1,028	8,479	12,896
Knowledge Exchanges	-	51,153	51,153	-	-	-	51,153
Conferences and Meetings	-	8,386	8,386	1,538	1,739	3,277	11,663
Events	1,196	-	1,196	-	163,551	163,551	164,747
Travel	1,054	131,760	132,814	38,193	56,104	94,297	227,111
Annual Report	8,442	15,136	23,578	1,740	6,696	8,436	32,014
Fall & Annual Appeal	-	-	-	-	8,406	8,406	8,406
Accounting and Auditing	-	-	-	42,285	-	42,285	42,285
Legal - Donated Services	-	-	-	52,456	-	52,456	52,456
Computers, Software and Technology	-	56,398	56,398	94,589	33,116	127,705	184,103
Office Supplies and Stationary	6,143	197	6,340	10,068	730	10,798	17,138
Printing and Photocopying	-	1,765	1,765	6,308	1,325	7,633	9,398
Postage and Shipping	-	722	722	8,325	2,357	10,682	11,404
Equipment Leases and Maintenance	-	-	-	6,614	-	6,614	6,614
Dues and Subscriptions	70	2,175	2,245	3,137	1,770	4,907	7,152
Bank and Payroll Processing Fees	-	14,134	14,134	12,735	4,421	17,156	31,290
State Registration Fees	-	-	-	21	10,770	10,791	10,791
Telephone	-	-	-	26,754	-	26,754	26,754
Insurance	-	-	-	25,252	-	25,252	25,252
Unfulfilled Pledges	-	-	-	-	33,000	33,000	33,000
Depreciation	-	-	-	43,175	-	43,175	43,175
Foreign Exchange Gain	-	-	-	(10,185)	-	(10,185)	(10,185)
Rent	14,941	232,244	247,185	47,152	123,004	170,156	417,341
Direct Expenses	267,117	5,358,619	5,625,736	882,180	1,266,127	2,148,307	7,774,043
Indirect Expenses	11,327	214,825	226,152	(335,989)	109,837	(226,152)	-
Total Expenses	<u>\$ 278,444</u>	<u>\$ 5,573,444</u>	<u>\$ 5,851,888</u>	<u>\$ 546,191</u>	<u>\$ 1,375,964</u>	<u>\$ 1,922,155</u>	<u>\$ 7,774,043</u>

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 245,323	\$ (933,429)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	57,293	43,175
Realized and Unrealized Loss (Gain) on Investments	72,264	(171,958)
Changes in Assets and Liabilities:		
Accounts Receivable/Promises to Give	1,675,448	(1,044,496)
Prepaid Expenses	20,003	(9,132)
Deposits	(2,785)	(1,386)
Accounts Payable and Accrued Expenses	(615,522)	494,298
Accrued Vacation/Payroll	25,148	(912)
Deferred Lease Obligation	(34,637)	(23,803)
Net Cash Provided by (Used in) Operating Activities	<u>1,442,535</u>	<u>(1,647,643)</u>
CASH FROM INVESTING ACTIVITIES		
Purchases of Investments	(108,934)	(54,380)
Purchases of Property and Equipment	(6,832)	(18,720)
Net Cash Used in Investing Activities	<u>(115,766)</u>	<u>(73,100)</u>
CASH FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease	(2,495)	(2,660)
Net Cash Used in Financing Activities	<u>(2,495)</u>	<u>(2,660)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,324,274	(1,723,403)
Cash and Cash Equivalents - Beginning of Year	<u>2,384,068</u>	<u>4,107,471</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,708,342</u>	<u>\$ 2,384,068</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u>\$ 913</u>	<u>\$ 976</u>
Equipment Acquired through Capital Lease	<u>\$ -</u>	<u>\$ 10,900</u>

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Global Fund for Children (“GFC”) is an international non-profit organization that advances the education and dignity of young people around the world. GFC pursues its mission by strengthening innovative community-based educational organizations that serve some of the world’s most vulnerable children, selling books, and inspiring global citizenship and philanthropy through vibrant community education and outreach efforts.

The Global Fund for Children UK Trust is a charity organization that exists to improve the lives of vulnerable children and youth in our world, primarily in Asia, Africa, Latin America, and to a lesser extent, in the London community where the office is based. The Global Fund for Children UK Trust was officially incorporated as a private limited company in December 2006 and received charity registration in the UK in June 2007. The Global Fund for Children UK Trust is controlled by the board of GFC; therefore the Organizations are consolidated.

Principles of Consolidation

The consolidated financial statements include the accounts of The Global Fund for Children and The Global Fund for Children UK Trust. Significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of Presentation

GFC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Tax Status

GFC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service has classified GFC as a publicly supported foundation under sections 509(a)(1) and 170(b)(1)(A)(VI) of the IRC. The Global Fund for Children UK Trust is exempt from tax in the UK under Section 505 of the Taxes Act of 1988.

GFC has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation of this guidance had no impact on GFC’s financial statements. GFC believes it has appropriate support for unrelated trade or business positions and, as a result, does not have uncertain income tax positions that have a material impact on the financial statements. GFC files as a tax-exempt organization.

Use of Estimates

Management used estimates and assumptions in preparing the consolidated financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For consolidated financial statement purposes, GFC considers its money market funds to be cash equivalents. Restricted cash is maintained in a separate bank account as a depository for donor-restricted contributions and grants. These funds are released after satisfying the purposes and conditions of the restrictions.

Accounts Receivable

Accounts receivable are recorded at their net realizable value. Accounts 90 days past due are analyzed for collectability and when all collection efforts have been exhausted, the account is written off to bad debts.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. There were no conditional promises to give at June 30, 2015 and 2014.

Investments

Investments consist of equity securities, equity mutual funds and fixed income mutual funds. These investments are recorded in the accompanying financial statements at fair market value. Interest, dividends and realized gains or losses are recorded when earned. Fluctuations in the fair value of the portfolio are recorded as unrealized gains or losses.

Fair Value of Financial Instruments

Fair Value Measurements

GFC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. GFC accounts for certain financial assets and liabilities at fair value under various accounting literature. GFC also accounts for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

GFC has categorized its consolidated financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that GFC has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or non-active market.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Property and Equipment

Furniture and equipment are recorded at cost and are depreciated on the straight-line basis over the estimated useful lives of the assets of three to five years. Leasehold improvements are amortized over the life of the lease. GFC capitalizes all purchases of long-lived assets in excess of \$1,000, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Grants Payable

Grants payable, included in accounts payable and accrued expenses, are recorded when committed by the Board of Directors. Grants payable totaled \$112,256 and \$619,900 for the years ended June 30, 2015 and 2014, respectively.

Net Assets

Net assets are classified for accounting and reporting purposes according to their nature and purpose and based upon the existence or absence of any restrictions thereon. A description of each net asset group is as follows:

Unrestricted Net Assets – represents funds presently available for use by GFC at its discretion.

Temporarily Restricted Net Assets – represents unspent contributions and grants that are restricted for use in certain GFC programs or by time.

Permanently Restricted Net Assets – represents contributions that are to be held by GFC in perpetuity.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

As of June 30, 2015, GFC owned the intellectual property for 36 titles that are printed as 23 hardcover books, 15 paperback books, 5 board books and 5 resource guides. These books and curricula, which are authored and published under the brand “Global Fund for Children Books” (formerly Shakti for Children™), represent intellectual property which belongs to GFC, and upon which it earns copyright royalties. The value of the intangible assets has not been determined or recorded on the consolidated statements of financial position of the Organization.

Contributions and Grants

Contributions and grants are recorded as revenue in the year notification is received from the donor. Support that is donor-restricted, either by program or by time, is reported as an increase in temporarily restricted net assets. When the restriction expires, that is, when a time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

Contributed Services

Contributed services are recorded at their fair market value.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, salary and other overhead costs have been allocated among the programs and supporting services benefited based on time expended.

Foreign Exchange Transactions

Assets, liabilities and transactions related to the Global Fund for Children UK Trust which are included in the consolidated financial statements are converted to US dollars. Assets and liabilities are converted at year-end using the spot exchange rate. Operations throughout the year are converted using the average exchange rate.

Uniform Prudent Management of Institutional Funds Act

During 2008, Washington DC enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA all unappropriated endowment fund assets are considered restricted.

Subsequent Events

In preparing these financial statements, GFC has evaluated events and transactions for potential recognition or disclosure through October 29, 2015, the date the consolidated financial statements were available to be issued.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 PROMISES TO GIVE

Promises to give as of June 30, 2015 and 2014, are unconditional. Amounts due after one year are discounted at the rates of 0% and 1%. Promises to give are considered fully collectible and are due as follows at June 30:

	<u>2015</u>	<u>2014</u>
Promises to Give Due in Less Than One Year	\$ 440,574	\$ 2,089,822
Promises to Give Due in One to Five Years	99,833	135,000
	<u>540,407</u>	<u>2,224,822</u>
Less Present Value Discount	-	(930)
	<u>540,407</u>	<u>2,223,892</u>
Net Promises to Give	<u>\$ 540,407</u>	<u>\$ 2,223,892</u>

NOTE 3 INVESTMENTS

Investments are recorded at fair value and are comprised of the following at June 30:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 60,266	\$ 60,266	\$ 45,261	\$ 45,261
Fixed Income Mutual Funds	423,860	422,050	418,373	417,363
Equity Mutual Funds	863,699	1,116,196	775,256	1,099,217
	<u>\$ 1,347,825</u>	<u>\$ 1,598,512</u>	<u>\$ 1,238,890</u>	<u>\$ 1,561,841</u>

Investment income for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and Dividends	\$ 94,168	\$ 55,076
Unrealized (Loss) Gain	(72,264)	171,958
Total Investment Income	<u>\$ 21,904</u>	<u>\$ 227,034</u>

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future consolidated statements of activities.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 4 FAIR VALUE MEASUREMENTS

The following table presents GFC's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30:

	2015			Total
	Level 1	Level 2	Level 3	
Cash	\$ 60,266	\$ -	\$ -	\$ 60,266
Fixed Income Mutual Funds	422,050	-	-	422,050
Equity Mutual Funds	1,116,196	-	-	1,116,196
	\$ 1,598,512	\$ -	\$ -	\$ 1,598,512

	2014			Total
	Level 1	Level 2	Level 3	
Cash	\$ 45,261	\$ -	\$ -	\$ 45,261
Fixed Income Mutual Funds	417,363	-	-	417,363
Equity Mutual Funds	1,099,217	-	-	1,099,217
	\$ 1,561,841	\$ -	\$ -	\$ 1,561,841

NOTE 5 CAPITAL LEASE OBLIGATION

GFC has capital lease obligation for a copier terminating in 2018. The liability under this capital lease at June 30, 2015, is \$6,257. Future minimum payments for the capital lease obligation are as follows:

Year Ending June 30,	Capital Lease Amount
2016	\$ 3,408
2017	3,408
2018	284
Total	7,100
Less: Amount Representing Interest	843
Total	\$ 6,257

The capitalized equipment has a cost of \$10,900 at June 30, 2015 and 2014. The capitalized equipment has accumulated amortization of \$5,223 and \$2,498 for the years ended June 30, 2015 and 2014, respectively. Amortization expense of \$2,725 and \$2,498 was recognized on the capitalized equipment for the years ended June 30, 2015 and 2014, respectively.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2015 and 2014, net assets were temporarily restricted as follows:

	<u>2015</u>	<u>2014</u>
Programs	<u>\$ 2,222,499</u>	<u>\$ 2,693,832</u>

The following is a summary of net assets released from donor restrictions that satisfied the restricted purposes specified by the donors and net assets released due to the passage of time for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Programs	\$ 5,550,233	\$ 3,874,769
Communications	-	39,995
	<u>\$ 5,550,233</u>	<u>\$ 3,914,764</u>

NOTE 7 PROGRAM SERVICES

Program services are segregated by type of activity within the consolidated statements of activities. The following indicates the specific activities that are included in each program area:

Programs

Grantmaking

The Global Fund for Children identifies and invests in community-based organizations around the world that use education as a vehicle to protect and expand the rights of vulnerable or marginalized children. GFC's grants are allocated into four major portfolios – Learning, Enterprise, Safety, and Health – and two smaller ones, Responding to Crises and Creative Opportunities.

In addition to these program grants, grantee partners are also able to access other value-added services, such as assistance in organizational development, and access to various knowledge initiatives like the knowledge exchange workshops. For the year ended June 30, 2015, GFC awarded 285 grants to 206 community-based organizations.

Books

Since 1994, GFC has developed internally an award-winning collection of books to teach children the value of diversity and help them to be aware, caring citizens of the world. With 35 children's books, and over 2 million copies in circulation, GFC's books have reached a wide audience. As of June 30, 2013, GFC ceased development of additional titles. GFC will retain the rights and royalties on existing titles and will participate in future royalty agreements for books produced on its behalf using the GFC name.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 7 PROGRAM SERVICES (CONTINUED)

Communications

Through its communications efforts, GFC uses digital media, photography and stories to tell the about its work and that of its grantee partners to transform the lives of children born into hardship and hopelessness. Through its issues and regional briefs, through leadership efforts, and its website, GFC promotes grassroots organizations making a real difference.

NOTE 8 CONTRIBUTED SERVICES

During June 30, 2015 and 2014, GFC received services with an estimated fair value of \$119,076 and \$52,456 respectively, in the form of pro bono legal services. These services were dedicated to administrative legal advice.

NOTE 9 OFFICE LEASE

GFC rents office space for its headquarters under a non-cancelable operating lease. GFC entered into a 123-month non-cancelable operating lease to expand the headquarters office space effective in April 2008. Rent expense related to this office space amounted to \$411,890 and \$417,341 for the years ended June 30, 2015 and 2014, respectively. Rent expense reflected on the consolidated statement of functional expense and the statement of activities – U. S. Operations for the year ended June 30, 2015, includes the expense of storage space.

Rent for the operating lease is recognized on a straight line basis over the term of the lease. Tenant allowances have been recorded as leasehold improvements and a liability for deferred lease obligation. The leasehold improvements and related liability have been amortized over the term of the lease. The liability related to the straight line rent and unamortized portion of the tenant allowances are recorded in the accompanying consolidated statements of financial position as deferred lease obligation.

Future minimum payments on the office lease are as follows:

Year Ending June 30,	Minimum Lease Payment
2016	\$ 454,427
2017	465,778
2018	477,418
2019	17,588
Total	\$ 1,415,211

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 TAX SHELTERED ANNUITY PLAN

GFC maintains a contributory defined contribution plan under Section 403(b) of the Internal Revenue Code for the benefit of its employees. All employees, except for part-time employees who normally work less than 20 hours per week, may participate in the Plan. The Fund may choose to make a discretionary contribution to the Plan. In order to be eligible to receive a discretionary contribution, an eligible employee must complete two eligibility years of service. Pension expense for the Plan totaled \$59,801 and \$68,175 for the years ended June 30, 2015 and 2014, respectively.

NOTE 11 CONTINGENCIES

GFC receives a portion of its revenue from grants and contracts. The ultimate determinations of amounts received under these programs often are based upon allowable costs, reported to the donor. In some instances, the donor reserves the right to audit the program costs. Until the final settlement is reached with each donor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a donor. Such settlements, if any, will be recognized as revenue or expense in the period the amount is determined.

NOTE 12 CONCENTRATIONS OF RISK

GFC maintains demand deposits which may, at times, exceed federally insured limits.

NOTE 13 ENDOWMENT

GFC has donor-restricted endowment funds. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. GFC has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, GFC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GFC in a manner consistent with the standard of prudence prescribed by UPMIFA. GFC considered all amounts earned on the endowment fund to be appropriated for current use.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 13 ENDOWMENT (CONTINUED)

Investment Objectives and Strategies

To insure preservation of its long-term endowment investments, GFC established an investment policy which reflects a “total return policy.” Total return is defined as a combination of realized and unrealized capital appreciation. The investment objective is focused on preservation of capital and diversification of investments across various asset classes and numerous industries and sectors to minimize volatility and risk.

Spending Policy

UPMIFA’s spending provisions apply to endowment funds. Unless specifically directed to the contrary by the donor, under UPMIFA GFC may expend so much of the endowment fund as an ordinary prudent person in a like position would spend for the uses, benefits, purposes, and duration for which the endowment fund was established. GFC has adopted an expenditure policy to comply with the provisions of UPMIFA in its spending from endowment funds.

The following is a summary of endowment funds subject to UPMIFA for the year ended June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	\$ -	\$ 483,951	\$ 1,086,876	\$ 1,570,827
Contributions/Donor Reallocations	-	-	(44,814)	(44,814)
Investment Gain	-	21,671	-	21,671
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ 505,622</u>	<u>\$ 1,042,062</u>	<u>\$ 1,547,684</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	\$ -	\$257,613	\$ 1,091,729	\$ 1,349,342
Contributions/Donor Reallocations	-	-	(4,853)	(4,853)
Investment Gain	-	226,338	-	226,338
Endowment net assets, June 30, 2014	<u>\$ -</u>	<u>\$ 483,951</u>	<u>\$ 1,086,876</u>	<u>\$ 1,570,827</u>

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 14 LINE OF CREDIT

In March of 2013, GFC opened a revolving line of credit in the amount of \$750,000, which expires on November 2, 2015. The interest rate on funds borrowed is Prime plus 50 basis points with a floor of 5 percent. GFC is required to pay down the line to zero for 30 days during a 12-month period. There are no fees or charges associated with this credit line beyond interest on funds borrowed. GFC did not draw down on the line of credit during the year ended June 30, 2015.

NOTE 15 SEVERANCE

GFC has an employment agreement with its Chief Executive Officer (CEO). Should the CEO be terminated without cause, the agreement requires GFC to pay a severance amount according to the terms in the employment agreement.



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
The Global Fund for Children
Washington, DC

We have audited the consolidated financial statements of The Global Fund for Children and Affiliate as of and for the years ended June 30, 2015 and 2014, and our report thereon dated October 29, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 20 – 23, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 29, 2015

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

ASSETS	<u>GFC</u>	<u>UK Trust</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,516,098	\$ 192,244	\$ -	\$ 3,708,342
Accounts Receivable:				
Promises to Give	540,407	-	-	540,407
Other	5,300	8,037	(5,300)	8,037
Prepaid Expenses	6,573	790	-	7,363
Investments	1,598,512	-	-	1,598,512
Property and Equipment (Net)	134,016	-	-	134,016
Deposits	13,198	3,419	-	16,617
	<u>5,814,104</u>	<u>204,490</u>	<u>(5,300)</u>	<u>6,013,294</u>
Total Assets	<u>\$ 5,814,104</u>	<u>\$ 204,490</u>	<u>\$ (5,300)</u>	<u>\$ 6,013,294</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 171,273	\$ 37,849	\$ (5,300)	\$ 203,822
Accrued Vacation/Payroll	85,444	25,919	-	111,363
Deferred Lease Obligation	175,315	-	-	175,315
Capital Lease Obligation	6,257	-	-	6,257
	<u>438,289</u>	<u>63,768</u>	<u>(5,300)</u>	<u>496,757</u>
Total Liabilities	<u>438,289</u>	<u>63,768</u>	<u>(5,300)</u>	<u>496,757</u>
NET ASSETS				
Unrestricted	2,226,062	25,914	-	2,251,976
Temporarily Restricted	2,107,691	114,808	-	2,222,499
Permanently Restricted (Endowment)	1,042,062	-	-	1,042,062
	<u>5,375,815</u>	<u>140,722</u>	<u>-</u>	<u>5,516,537</u>
Total Net Assets	<u>5,375,815</u>	<u>140,722</u>	<u>-</u>	<u>5,516,537</u>
Total Liabilities and Net Assets	<u>\$ 5,814,104</u>	<u>\$ 204,490</u>	<u>\$ (5,300)</u>	<u>\$ 6,013,294</u>

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	GFC			UK Trust			Elimination	Consolidated				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted		Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE												
Gifts and Grants	\$ 1,687,509	\$ 4,654,277	\$ -	\$ 6,341,786	\$ 715,692	\$ 424,623	1,140,315	\$ (713,336)	\$ 1,689,865	\$ 5,078,900	\$ -	\$ 6,768,765
Book Revenues and Royalties	20,912	-	-	20,912	-	-	-	-	20,912	-	-	20,912
Investment Income	21,904	-	-	21,904	-	-	-	-	21,904	-	-	21,904
Net Assets Released from Restrictions	5,289,488	(5,240,418)	(49,070)	-	309,815	(309,815)	-	-	5,599,303	(5,550,233)	(49,070)	-
Total Revenue	7,019,813	(586,141)	(49,070)	6,384,602	1,025,507	114,808	1,140,315	(713,336)	7,331,984	(471,333)	(49,070)	6,811,581
EXPENSES												
Program Services:												
Communications	255,034	-	-	255,034	-	-	-	-	255,034	-	-	255,034
Programs	4,420,241	-	-	4,420,241	745,817	-	745,817	(713,336)	4,452,722	-	-	4,452,722
Total Program Services	4,675,275	-	-	4,675,275	745,817	-	745,817	(713,336)	4,707,756	-	-	4,707,756
Supporting Services:												
Management and General	389,173	-	-	389,173	107,382	-	107,382	-	496,555	-	-	496,555
Fundraising	1,067,309	-	-	1,067,309	294,638	-	294,638	-	1,361,947	-	-	1,361,947
Total Supporting Services	1,456,482	-	-	1,456,482	402,020	-	402,020	-	1,858,502	-	-	1,858,502
Total Expenses	6,131,757	-	-	6,131,757	1,147,837	-	1,147,837	(713,336)	6,566,258	-	-	6,566,258
CHANGE IN NET ASSETS	888,056	(586,141)	(49,070)	252,845	(122,330)	114,808	(7,522)	-	765,726	(471,333)	(49,070)	245,323
Net Assets - Beginning of Year	1,342,262	2,693,832	1,086,876	5,122,970	148,244	-	148,244	-	1,490,506	2,693,832	1,086,876	5,271,214
Net Asset Reclassification	(4,256)	-	4,256	-	-	-	-	-	(4,256)	-	4,256	-
NET ASSETS - END OF YEAR	<u>\$ 2,226,062</u>	<u>\$ 2,107,691</u>	<u>\$ 1,042,062</u>	<u>\$ 5,375,815</u>	<u>\$ 25,914</u>	<u>\$ 114,808</u>	<u>\$ 140,722</u>	<u>\$ -</u>	<u>\$ 2,251,976</u>	<u>\$ 2,222,499</u>	<u>\$ 1,042,062</u>	<u>\$ 5,516,537</u>

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
STATEMENT OF FUNCTIONAL EXPENSES – U.S. OPERATIONS
YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	Program Services			Supporting Services			Total Expenses
	Communications	Programs	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 2,271,996	\$ 2,271,996	\$ -	\$ -	\$ -	\$ 2,271,996
Salaries and Benefits	96,473	1,250,991	1,347,464	205,351	599,236	804,587	2,152,051
Intern Program	-	11,150	11,150	-	4,464	4,464	15,614
Consultants and Professional Services	103,407	135,051	238,458	39,528	92,746	132,274	370,732
Knowledge Exchanges	-	144,511	144,511	-	-	-	144,511
Conferences and Meetings	48	10,093	10,141	-	60	60	10,201
Travel	4,621	156,989	161,610	40,663	13,135	53,798	215,408
Annual Report	6,731	12,469	19,200	1,346	5,314	6,660	25,860
Communication and Materials	-	-	-	-	17,230	17,230	17,230
Computers, Software and Technology	6,654	30,146	36,800	69,913	53,611	123,524	160,324
Accounting and Auditing	-	-	-	28,275	-	28,275	28,275
Legal - Donated Services	-	-	-	39,616	-	39,616	39,616
Office Supplies and Stationary	8	606	614	7,483	229	7,712	8,326
Printing and Photocopying	-	1,789	1,789	2,897	-	2,897	4,686
Postage and Shipping	-	292	292	4,133	52	4,185	4,477
Equipment Leases and Maintenance	(183)	(1,417)	(1,600)	10,175	(699)	9,476	7,876
Dues and Subscriptions	160	214	374	851	1,220	2,071	2,445
Staff Development/Activities	-	4,778	4,778	6,798	1,956	8,754	13,532
Bank and Payroll Processing Fees	-	12,738	12,738	10,671	5,348	16,019	28,757
Foreign Exchange Loss	-	-	-	8,650	-	8,650	8,650
Registration Fees	-	-	-	-	11,012	11,012	11,012
Telephone	-	217	217	31,716	966	32,682	32,899
Unfulfilled Pledges	-	-	-	-	59,070	59,070	59,070
Insurance	-	276	276	25,725	-	25,725	26,001
Depreciation	-	-	-	57,293	-	57,293	57,293
Rent	24,305	225,373	249,678	33,879	131,358	165,237	414,915
Direct Expenses	242,224	4,268,262	4,510,486	624,963	996,308	1,621,271	6,131,757
Indirect Expenses	12,810	151,979	164,789	(235,790)	71,001	(164,789)	-
Total Expenses	\$ 255,034	\$ 4,420,241	\$ 4,675,275	\$ 389,173	\$ 1,067,309	\$ 1,456,482	\$ 6,131,757

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATE
STATEMENT OF CASH FLOWS – U.S. OPERATIONS
YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

CASH FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 252,845
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	57,293
Realized and Unrealized Loss on Investments	72,264
Changes in Assets and Liabilities:	
Accounts Receivable/Promises to Give	1,602,147
Prepaid Expenses	19,798
Deposits	634
Accounts Payable and Accrued Expenses	(611,712)
Accrued Vacation/Payroll	10,420
Deferred Lease Obligation	(34,637)
Net Cash Provided by Operating Activities	<u>1,369,052</u>
CASH FROM INVESTING ACTIVITIES	
Purchases of Investments	(108,934)
Purchases of Property and Equipment	(6,832)
Net Cash Used in Investing Activities	<u>(115,766)</u>
CASH FROM FINANCING ACTIVITIES	
Principal Payments on Capital Lease	(2,495)
Net Cash Used in Financing Activities	<u>(2,495)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,250,791
Cash and Cash Equivalents - July 1, 2014	<u>2,265,307</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2015	<u><u>\$ 3,516,098</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid During the Year for Interest	<u><u>\$ 913</u></u>