

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
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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 Affiliates, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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 \$144,017 and \$200,549 as of June 30, 2019 and 2018, respectively, and total revenues of \$445,355 and \$418,170, 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.

Board of Directors
The Global Fund for Children

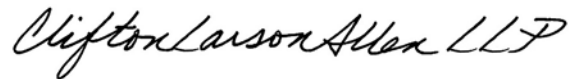
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Global Fund for Children and its Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Arlington, Virginia
October 29, 2019

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 2,215,458	\$ 4,225,630
Promises to Give (Net)	5,232,370	5,497,208
Accounts Receivable - Other	4,784	2,665
Prepaid Expenses	25,438	49,307
Investments	2,896,110	1,815,337
Property and Equipment (Net)	286,363	22,556
Deposits	45,511	59,529
	\$ 10,706,034	\$ 11,672,232
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 72,489	\$ 67,443
Grants Payable	99,000	178,299
Accrued Vacation/Payroll	80,188	61,251
Deferred Lease Obligation	291,930	3,845
Refundable Advance	-	900,000
Capital Lease Obligation	5,450	7,729
Total Liabilities	549,057	1,218,567
NET ASSETS		
Without Donor Restrictions	2,821,795	3,245,280
With Donor Restrictions	7,335,182	7,208,385
Total Net Assets	10,156,977	10,453,665
Total Liabilities and Net Assets	\$ 10,706,034	\$ 11,672,232

See accompanying Notes to Consolidated Financial Statements.

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Gifts and Grants	\$ 1,618,846	\$ 4,313,920	\$ 5,932,766	\$ 2,187,585	\$ 6,746,354	\$ 8,933,939
Book Revenues and Royalties	20,209	-	20,209	24,156	-	24,156
Investment Income (Net)	90,122	37,101	127,223	115,501	-	115,501
Other	12,905	-	12,905	-	-	-
Net Assets Released from Restrictions	4,224,224	(4,224,224)	-	4,424,211	(4,424,211)	-
Total Revenue	5,966,306	126,797	6,093,103	6,751,453	2,322,143	9,073,596
EXPENSES						
Program Services:						
Communications	351,371	-	351,371	480,528	-	480,528
Programs	4,332,024	-	4,332,024	4,500,600	-	4,500,600
Total Program Services	4,683,395	-	4,683,395	4,981,128	-	4,981,128
Supporting Services:						
Management and General	750,011	-	750,011	630,417	-	630,417
Fundraising	956,385	-	956,385	1,347,742	-	1,347,742
Total Supporting Services	1,706,396	-	1,706,396	1,978,159	-	1,978,159
Total Expenses	6,389,791	-	6,389,791	6,959,287	-	6,959,287
CHANGE IN NET ASSETS	(423,485)	126,797	(296,688)	(207,834)	2,322,143	2,114,309
Net Assets - Beginning of Year	3,245,280	7,208,385	10,453,665	3,453,114	4,886,242	8,339,356
NET ASSETS - END OF YEAR	<u>\$ 2,821,795</u>	<u>\$ 7,335,182</u>	<u>\$ 10,156,977</u>	<u>\$ 3,245,280</u>	<u>\$ 7,208,385</u>	<u>\$ 10,453,665</u>

See accompanying Notes to Consolidated Financial Statements.

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services			Total Expenses
	Communications	Programs	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 2,092,175	\$ 2,092,175	\$ -	\$ -	\$ -	\$ 2,092,175
Salaries and Benefits	164,638	1,238,355	1,402,993	373,415	611,535	984,950	2,387,943
Consultants and Professional Services	91,274	343,749	435,023	66,657	87,514	154,171	589,194
Intern Program	365	10,509	10,874	1,210	2,340	3,550	14,424
Staff Development/Activities	835	5,256	6,091	17,544	1,164	18,708	24,799
Knowledge Exchanges	84	144,458	144,542	1,479	1,192	2,671	147,213
Fellowships	-	15,000	15,000	-	-	-	15,000
Conferences	1,273	9,958	11,231	5,883	5,890	11,773	23,004
Travel	8,998	153,553	162,551	26,987	64,598	91,585	254,136
Fundraising Events	-	-	-	-	2,452	2,452	2,452
Fall and Spring Appeals	3,740	-	3,740	-	-	-	3,740
Accounting and Auditing	-	-	-	50,305	-	50,305	50,305
Legal - Donated Services	-	-	-	184,246	-	184,246	184,246
Computers, Software and Technology	21,758	40,249	62,007	45,565	47,106	92,671	154,678
Office Supplies and Stationary	-	556	556	11,712	-	11,712	12,268
Printing and Photocopying	4,519	500	5,019	942	424	1,366	6,385
Postage and Shipping	1,235	96	1,331	1,381	498	1,879	3,210
Equipment Lease and Maintenance	55	(662)	(607)	26,727	(548)	26,179	25,572
Dues and Subscriptions	899	239	1,138	4,852	10,048	14,900	16,038
Bank and Payroll Processing	-	731	731	11,969	2,630	14,599	15,330
State Registration Fees	-	-	-	-	10,461	10,461	10,461
Telephone/Fax/Internet	13	3,954	3,967	25,109	1,173	26,282	30,249
Insurance	-	-	-	33,075	-	33,075	33,075
Depreciation	4,626	26,885	31,511	7,591	11,933	19,524	51,035
Gifts and Flowers	-	34	34	396	147	543	577
Rent	22,614	111,528	134,142	55,666	43,564	99,230	233,372
Foreign Exchange Gain	-	-	-	4,784	-	4,784	4,784
Public Relations and Communications	2,222	1,700	3,922	-	204	204	4,126
Direct Expenses	329,148	4,198,823	4,527,971	957,495	904,325	1,861,820	6,389,791
Indirect Expenses	22,223	133,201	155,424	(207,484)	52,060	(155,424)	-
Total Expenses	\$ 351,371	\$ 4,332,024	\$ 4,683,395	\$ 750,011	\$ 956,385	\$ 1,706,396	\$ 6,389,791

See accompanying Notes to Consolidated Financial Statements.

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services			Total Expenses
	Communications	Programs	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 2,181,730	\$ 2,181,730	\$ -	\$ -	\$ -	\$ 2,181,730
Salaries and Benefits	153,015	1,201,334	1,354,349	285,358	840,914	1,126,272	2,480,621
Consultants and Professional Services	138,855	448,408	587,263	192,485	63,607	256,092	843,355
Intern Program	887	2,240	3,127	-	-	-	3,127
Staff Development/Activities	-	810	810	17,320	229	17,549	18,359
Knowledge Exchanges	-	88,144	88,144	-	-	-	88,144
Fellowships	-	20,000	20,000	-	-	-	20,000
Conferences	-	3,834	3,834	2,572	365	2,937	6,771
Travel	13,971	106,743	120,714	28,019	24,024	52,043	172,757
Annual Report	1,001	-	1,001	2,000	-	2,000	3,001
Fall and Spring Appeals	17,718	-	17,718	-	65	65	17,783
Accounting and Auditing	-	-	-	53,732	-	53,732	53,732
Legal - Donated Services	-	-	-	66,447	-	66,447	66,447
Computers, Software and Technology	92,452	37,540	129,992	51,336	37,288	88,624	218,616
Office Supplies and Stationary	61	1,047	1,108	8,947	86	9,033	10,141
Printing and Photocopying	-	279	279	3,166	1,809	4,975	5,254
Postage and Shipping	1,107	161	1,268	2,147	347	2,494	3,762
Equipment Lease and Maintenance	636	-	636	16,135	-	16,135	16,771
Dues and Subscriptions	75	297	372	1,699	5,711	7,410	7,782
Bank and Payroll Processing	50	5,126	5,176	13,755	3,504	17,259	22,435
State Registration Fees	-	-	-	65	11,032	11,097	11,097
Telephone/Fax/Internet	1,236	6,536	7,772	25,851	1,640	27,491	35,263
Insurance	-	-	-	32,372	-	32,372	32,372
Depreciation	-	-	-	53,526	-	53,526	53,526
Gifts and Flowers	-	-	-	82	219	301	301
Rent	30,951	228,452	259,403	69,820	144,147	213,967	473,370
Foreign Exchange Gain	-	-	-	(6,843)	-	(6,843)	(6,843)
Public Relations and Communications	6,597	-	6,597	306	112,710	113,016	119,613
Direct Expenses	458,612	4,332,681	4,791,293	920,297	1,247,697	2,167,994	6,959,287
Indirect Expenses	21,916	167,919	189,835	(289,880)	100,045	(189,835)	-
Total Expenses	<u>\$ 480,528</u>	<u>\$ 4,500,600</u>	<u>\$ 4,981,128</u>	<u>\$ 630,417</u>	<u>\$ 1,347,742</u>	<u>\$ 1,978,159</u>	<u>\$ 6,959,287</u>

See accompanying Notes to Consolidated Financial Statements.

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (296,688)	\$ 2,114,309
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation and Amortization	51,035	53,526
Unrealized Loss (Gain) on Investments	203,851	(39,757)
Realized Gain on Investments	(165,360)	-
Changes in Assets and Liabilities:		
Accounts Receivable - Promises to Give and Other	262,719	(2,430,330)
Prepaid Expenses	23,869	(31,952)
Deposits	14,018	(43,293)
Accounts Payable and Accrued Expenses	5,046	(219,479)
Grants Payable	(79,299)	(234,720)
Accrued Vacation/Payroll	18,937	(18,757)
Deferred Lease Obligation	(23,442)	(68,700)
Refundable Advance	(900,000)	900,000
Contributions Restricted for Long Term Purposes:		
Contributions	(1,022,888)	(77,088)
Net Cash Used by Operating Activities	(1,908,202)	(96,241)
CASH FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,451,210)	(71,209)
Sale of Investments	2,331,946	-
Purchases of Property and Equipment	(3,315)	(9,015)
Net Cash Used by Investing Activities	(1,122,579)	(80,224)
CASH FROM FINANCING ACTIVITIES		
Collection of Contributions Restricted for Long Term Purposes	1,022,888	52,088
Principal Payments on Capital Lease Obligation	(2,279)	(2,200)
Net Cash Provided by Financing Activities	1,020,609	49,888
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,010,172)	(126,577)
Cash and Cash Equivalents - Beginning of Year	4,225,630	4,352,207
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,215,458	\$ 4,225,630
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Donated Securities Received	\$ 34,655	\$ 25,353
Leasehold Improvements Acquired via Lease Incentives	\$ 311,527	\$ -

See accompanying Notes to Consolidated Financial Statements.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GFC

The Global Fund for Children (“GFC”) is an international non-profit organization that envisions a future where all children and youth enjoy equal resources and opportunities in society, and live free from violence, discrimination, and exploitation. GFC boldly pursues this vision by partnering with grassroots organizations around the world to help children and youth reach their full potential and advance their rights.

The Global Fund for Children UK Trust (“UK Trust”) is a charity organization that exists to improve the lives of millions of children and youth facing poverty, injustice and discrimination. The UK Trust was officially incorporated as a private limited company in December 2006 and received charity registration in the UK in June 2007. GFC is the sole member of The UK Trust and appoints the trustees; therefore the organizations are consolidated.

The Global Fund for Children HK Limited (“HK Limited”) is a charity organization that exists to advance education of children and young people through promotion and funding of community education and outreach programs primarily in Hong Kong. HK Limited was officially incorporated as a private limited company in May 2016. As of June 30, 2019, HK Limited received its tax-exempt charitable status. GFC is the founding member of HK Limited, and the HK Limited board consists of the President and CEO and VP of Programs of GFC; therefore the organizations are consolidated. The financial position and results of operations of HK Limited were not presented in these consolidated financial statements as the activity was not material.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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. As of June 30, 2019, HK Limited received its charity registration. GFC HK Limited is exempt from tax under Section 88 of Inland Revenue Ordinance.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

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.

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, 2019 and 2018.

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.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

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.

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

Property and equipment are recorded at cost and 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.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Net Assets Without Donor Restrictions – represent funds presently available for use by GFC at its discretion.

Net Assets With Donor Restrictions – represent funds subject to donor-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. The corpus of these donations is invested and the earnings are recorded in net assets with donor restrictions until appropriated for spending and utilized for the intended purpose.

Grants Payable

Grants payable are recorded when committed by the Board of Directors.

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 net assets with donor restrictions. When the restriction expires, that is, when a time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 is 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.

Concentration of Credit Risk

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

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

Conditional contributions are recorded as refundable advances when donor conditions have not been met as of fiscal year end.

Adoption of Accounting Standards Update 2016-14

GFC has adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* (ASU 2016-14) for the year ended June 30, 2019. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in the financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2016-14 reduces the number of net assets classification from three to two: with donor restrictions and without donor restrictions. The ASU also requires nonprofits to report expenses by functional and natural classification in one location in the financial statements, and requires nonprofits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets. As required by ASU 2016-14, GFC applied the requirements on a retrospective basis in the year of adoption.

Subsequent Events

In preparing these financial statements, GFC has evaluated events and transactions for potential recognition or disclosure through October 29, 2019, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash and Cash Equivalents	\$ 2,215,458	\$ 4,225,630
Promises to Give (Net) Due in One Year	3,401,278	2,825,987
Accounts Receivable - Other	4,784	2,665
Investments	2,896,110	1,815,337
	<u>8,517,630</u>	<u>8,869,619</u>
Less: Donor Restricted Funds	<u>(7,335,182)</u>	<u>(7,208,385)</u>
	<u>\$ 1,182,448</u>	<u>\$ 1,661,234</u>

As part of its liquidity management, GFC structures its financial assets to be available as its general expenditures and liabilities come due.

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 PROMISES TO GIVE

Promises to give as of June 30, 2019 and 2018, are unconditional. Amounts due after one year are discounted at the rates of 2.63%. Promises to give are considered fully collectible and are due as follows at June 30:

	2019	2018
Promises to Give Due in Less Than One Year	\$ 3,401,278	\$ 2,825,987
Promises to Give Due in One to Five Years	1,881,717	2,775,401
	<u>5,282,995</u>	<u>5,601,388</u>
Less: Present Value Discount	(50,625)	(104,180)
Net Promises to Give	<u>\$ 5,232,370</u>	<u>\$ 5,497,208</u>

As of June 30, 2019 and 2018, promises to give consist of pledges from three donors, representing approximately 61% and 84%, respectively, of the net pledges.

NOTE 4 INVESTMENTS

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Fixed Income Mutual Funds	\$ 1,379,527	\$ 1,425,994	\$ 443,208	\$ 430,648
Equity Mutual Funds	1,428,789	1,470,116	1,080,484	1,384,689
Total	<u>\$ 2,808,316</u>	<u>\$ 2,896,110</u>	<u>\$ 1,523,692</u>	<u>\$ 1,815,337</u>

Investment income consisted of the following for the years ended June 30:

	2019	2018
Interest and Dividends	\$ 172,350	\$ 75,744
Realized Gain	165,360	-
Unrealized (Loss) Gain	(203,851)	39,757
Investment Expenses	(6,636)	-
Total Investment Income, Net	<u>\$ 127,223</u>	<u>\$ 115,501</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 AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 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:

	2019			
	Level 1	Level 2	Level 3	Total
Fixed Income Mutual Funds	\$ 1,425,994	\$ -	\$ -	\$ 1,425,994
Equity Mutual Funds	1,470,116	-	-	1,470,116
Total	\$ 2,896,110	\$ -	\$ -	\$ 2,896,110
	2018			
	Level 1	Level 2	Level 3	Total
Fixed Income Mutual Funds	\$ 430,648	\$ -	\$ -	\$ 430,648
Equity Mutual Funds	1,384,689	-	-	1,384,689
Total	\$ 1,815,337	\$ -	\$ -	\$ 1,815,337

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019 and 2018, net assets with donor restrictions consist of the following:

	2019	2018
<i>Subject to expenditure for specific purpose:</i>		
Grantmaking	\$ 1,037,946	\$ 1,634,089
<i>Subject to spending policy and appropriation:</i>		
Donor-restricted gifts plus investment earnings on gifts received subject to a spending policy that allows for draws against the original corpus	1,064,866	77,088
<i>Time restricted</i>	5,232,370	5,497,208
	\$ 7,335,182	\$ 7,208,385

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 PROGRAM SERVICES

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

Programs

Grantmaking

The Global Fund for Children identifies and invests in courageous grassroots organizations that advance children's rights around the world. Run by dedicated local leaders, these grassroots partners empower young people facing poverty and injustice to reach their full potential. GFC's goal is to help these organizations deepen their impact and build their capacity for social change. GFC carries out this work across four core focus areas: Education; Gender Equity; Youth Empowerment; and Freedom from Violence and Exploitation.

For the year ended June 30, 2019, GFC awarded 202 grants to 132 community-based organizations. In addition to these program grants, grantee partners were also able to access other GFC capacity-development support, such as site visit consultations, assistance with applying to other donors, and access to networking and capacity-development initiatives like knowledge exchange workshops.

Communications

Through its communications outreach, GFC uses digital media, photography and stories to tell about its efforts dedicated to discovering, funding, and coaching truly grassroots organizations that empower children and youth. By using its website, online outreach and social media, GFC highlights its ability to take smart risks that others won't, partnering with innovative organizations that are fighting the odds in places like slums, refugee camps, and rural villages. GFC provides a crucial link, connecting community leaders with the professional services and support they need to succeed.

NOTE 8 CONTRIBUTED SERVICES

During June 30, 2019 and 2018, GFC received services with an estimated fair value of \$188,860 and \$320,981, respectively, in the form of pro bono professional and legal services. The legal services were dedicated to administrative legal advice.

NOTE 9 OFFICE LEASE

During 2008, GFC entered into a 123-month non-cancelable lease agreement for office space. Rent expense related to this office space and the UK Trust totaled \$233,372 and \$469,115 for the years ended June 30, 2019 and 2018, respectively. Rent expense reflected on the consolidated statement of functional expenses and the statement of activities – U. S. Operations for the years ended June 30, 2019 and 2018, includes the expense of storage space.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 9 OFFICE LEASE (CONTINUED)

During March 2018, GFC entered into a new 89-month non-cancelable operating lease for office space commencing July 2018. The lease includes scheduled rental increases from a monthly base rent of \$21,279, which is being recognized ratably over the lease term, and tenant move-in and leasehold improvements allowances in the amount of \$311,527, which was paid by the landlord, for the build-out of the office space and purchase of furniture. The tenant allowances have been capitalized as property and equipment and depreciated over the lease term. In conformity with U.S. generally accepted accounting principles, tenant allowances are being recognized on a straight-line basis over the term of the lease. The difference between actual cash payments made and the straight-line expense is recognized as deferred lease obligation in the consolidated statements of financial position, which is amortized over the term of the lease. Deferred lease obligation was \$291,930 and \$3,845 at June 30, 2019 and 2018, respectively

Future minimum payments on the office lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 261,734
2021	268,277
2022	274,984
2023	281,859
2024	288,905
Thereafter	422,599
Total	<u>\$ 1,798,358</u>

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. Following three months of service, GFC is required to match participant contributions as defined in the agreement, but not to exceed 4% of total gross salary. In addition, GFC may choose to make a discretionary contribution to the Plan. In order to be eligible to receive a discretionary contribution, an employee must complete two years of service.

Pension expense for the Plan totaled \$53,008 and \$59,771 for the years ended June 30, 2019 and 2018, respectively.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 CONTINGENCIES AND COMMITMENTS

Collectability of Revenue

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.

Employment Agreement

GFC has an employment agreement with an executive that includes severance payments upon termination without cause.

NOTE 12 LINE OF CREDIT

GFC has a revolving line of credit in the amount of \$750,000. The line of credit is due on demand. The interest rate on funds borrowed is Prime plus .54% at June 30, 2019. GFC is subject to certain covenants as defined in the agreement. GFC did not draw down on its line of credit during the years ended June 30, 2019 or 2018.

NOTE 13 ENDOWMENT

Net assets with donor restrictions include endowment funds in which donors placed restrictions that stipulate the original principal of the gift is to be held and invested by GFC indefinitely and spent in accordance with a spending policy for the Juliette Gimon Fund for Courageous Leadership to honor the work Juliette brought to children and young people globally. At June 30, 2019, funds totaling \$1,064,866 were available and represent contributions and investment earnings including matching funds received to assist in establishing and maintaining an endowment fund.

The endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, all unappropriated endowment fund assets are considered restricted. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts 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 considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the permanent endowment, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The unspent earnings are available for expenditure in subsequent years following appropriation by GFC's Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA to support activities as specified by the donor.

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 13 ENDOWMENT (CONTINUED)

In accordance with UPMIFA, GFC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of GFC and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of GFC.
- The investment policies of GFC.

GFC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to increase its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that GFC must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve principal while earning as much income as possible assuming a conservative level of investing risk.

GFC has also established a spending policy for its endowment funds that allows it to draw 5% of the Fund's total market value based on the 3-year average balance of the portfolio at the end of each calendar year.

Composition of and changes in endowment net assets are as follows:

	With Donor Restrictions
Net Assets, June 30, 2017	\$ -
Contributions	77,088
Investment Income	-
Appropriations	-
Net Assets, June 30, 2018	77,088
Contributions	1,007,484
Investment Income, net	34,955
Appropriations	(54,661)
Net Assets, June 30, 2019	\$ 1,064,866

**THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 14 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, GFC received contributions from Board members totaling \$515,297 and \$511,500, respectively.



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
The Global Fund for Children and Affiliates
Washington, DC

We have audited the consolidated financial statements of The Global Fund for Children and Affiliates as of and for the years ended June 30, 2019 and 2018, and our report thereon dated October 29, 2019, 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 21-24, 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, 2019

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(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	\$ 2,075,382	\$ 140,076	\$ -	\$ 2,215,458
Accounts Receivable:				
Promises to Give (Net)	5,232,370	-	-	5,232,370
Other	19,771	2,119	(17,106)	4,784
Prepaid Expenses	24,831	607	-	25,438
Investments	2,896,110	-	-	2,896,110
Property and Equipment (Net)	286,363	-	-	286,363
Deposits	44,296	1,215	-	45,511
	<u>\$ 10,579,123</u>	<u>\$ 144,017</u>	<u>\$ (17,106)</u>	<u>\$ 10,706,034</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 57,555	\$ 32,040	\$ (17,106)	\$ 72,489
Grants Payable	99,000	-	-	99,000
Accrued Vacation/Payroll	80,188	-	-	80,188
Deferred Lease Obligation	291,930	-	-	291,930
Capital Lease Obligation	5,450	-	-	5,450
Total Liabilities	<u>534,123</u>	<u>32,040</u>	<u>(17,106)</u>	<u>549,057</u>
NET ASSETS				
Without Donor Restriction	2,709,818	111,977	-	2,821,795
With Donor Restriction	7,335,182	-	-	7,335,182
Total Net Assets	<u>10,045,000</u>	<u>111,977</u>	<u>-</u>	<u>10,156,977</u>
	<u>\$ 10,579,123</u>	<u>\$ 144,017</u>	<u>\$ (17,106)</u>	<u>\$ 10,706,034</u>

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	GFC			UK Trust	Elimination			Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
REVENUE								
Gifts and Grants	\$ 1,450,686	\$ 4,313,920	\$ 5,764,606	\$ 282,450	\$ (114,290)	\$ 1,618,846	\$ 4,313,920	\$ 5,932,766
Book Revenues and Royalties	20,209	-	20,209	-	-	20,209	-	20,209
Investment Income (Net)	90,122	37,101	127,223	-	-	90,122	37,101	127,223
Other	-	-	-	162,905	(150,000)	12,905	-	12,905
Net Assets Released from Restrictions	4,224,224	(4,224,224)	-	-	-	4,224,224	(4,224,224)	-
Total Revenue	5,785,241	126,797	5,912,038	445,355	(264,290)	5,966,306	126,797	6,093,103
EXPENSES								
Program Services:								
Communications	351,371	-	351,371	-	-	351,371	-	351,371
Programs	4,481,327	-	4,481,327	114,987	(264,290)	4,332,024	-	4,332,024
Total Program Services	4,832,698	-	4,832,698	114,987	(264,290)	4,683,395	-	4,683,395
Supporting Services:								
Management and General	619,717	-	619,717	130,294	-	750,011	-	750,011
Fundraising	707,359	-	707,359	249,026	-	956,385	-	956,385
Total Supporting Services	1,327,076	-	1,327,076	379,320	-	1,706,396	-	1,706,396
Total Expenses	6,159,774	-	6,159,774	494,307	(264,290)	6,389,791	-	6,389,791
CHANGE IN NET ASSETS	(374,533)	126,797	(247,736)	(48,952)	-	(423,485)	126,797	(296,688)
Net Assets - Beginning of Year	3,084,351	7,208,385	10,292,736	160,929	-	3,245,280	7,208,385	10,453,665
NET ASSETS - END OF YEAR	\$ 2,709,818	\$ 7,335,182	\$ 10,045,000	\$ 111,977	\$ -	\$ 2,821,795	\$ 7,335,182	\$ 10,156,977

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
STATEMENT OF FUNCTIONAL EXPENSES – U.S. OPERATIONS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Program Services			Supporting Services			Total Expenses
	Communications	Programs	Total	Management and General	Fundraising	Total	
Grants	\$ -	\$ 2,242,175	\$ 2,242,175	\$ -	\$ -	\$ -	\$ 2,242,175
Salaries and Benefits	164,638	1,238,355	1,402,993	294,151	387,700	681,851	2,084,844
Consultants and Professional Services	91,274	343,749	435,023	61,157	87,498	148,655	583,678
Intern Program	365	10,509	10,874	1,210	2,340	3,550	14,424
Staff Development/Activities	835	5,256	6,091	14,884	527	15,411	21,502
Knowledge Exchanges	84	144,458	144,542	1,479	1,192	2,671	147,213
Fellowships	-	15,000	15,000	-	-	-	15,000
Conferences	1,273	9,261	10,534	5,585	5,890	11,475	22,009
Travel	8,998	153,553	162,551	26,987	40,264	67,251	229,802
Fundraising Events	-	-	-	-	2,452	2,452	2,452
Fall and Spring Appeals	3,740	-	3,740	-	-	-	3,740
Accounting and Auditing	-	-	-	40,210	-	40,210	40,210
Legal - Donated Services	-	-	-	184,246	-	184,246	184,246
Computers, Software and Technology	21,758	40,249	62,007	45,084	47,106	92,190	154,197
Office Supplies and Stationary	-	556	556	11,495	-	11,495	12,051
Printing and Photocopying	4,519	500	5,019	601	424	1,025	6,044
Postage and Shipping	1,235	96	1,331	1,090	498	1,588	2,919
Equipment Lease and Maintenance	55	(662)	(607)	26,727	(548)	26,179	25,572
Dues and Subscriptions	899	239	1,138	4,554	10,048	14,602	15,740
Bank and Payroll Processing	-	731	731	11,849	2,630	14,479	15,210
State Registration Fees	-	-	-	-	10,461	10,461	10,461
Telephone/Fax/Internet	13	3,954	3,967	23,614	1,173	24,787	28,754
Insurance	-	-	-	31,575	-	31,575	31,575
Depreciation	4,626	26,885	31,511	7,591	11,933	19,524	51,035
Gifts and Flowers	-	34	34	396	147	543	577
Rent	22,614	111,528	134,142	32,716	43,564	76,280	210,422
Public Relations and Communications	2,222	1,700	3,922	-	-	-	3,922
Direct Expenses	329,148	4,348,126	4,677,274	827,201	655,299	1,482,500	6,159,774
Indirect Expenses	22,223	133,201	155,424	(207,484)	52,060	(155,424)	-
Total Expenses	\$ 351,371	\$ 4,481,327	\$ 4,832,698	\$ 619,717	\$ 707,359	\$ 1,327,076	\$ 6,159,774

THE GLOBAL FUND FOR CHILDREN AND AFFILIATES
STATEMENTS OF CASH FLOWS – U.S. OPERATIONS
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2019	2018
CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (247,736)	\$ 2,232,537
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	51,035	53,526
Unrealized Loss (Gain) on Investments	203,851	(39,757)
Realized Gain on Investments	(146,275)	-
Changes in Assets and Liabilities:		
Accounts Receivable - Promises to Give and Other	157,460	(2,450,349)
Prepaid Expenses	24,476	(31,952)
Deposits	11,418	(43,239)
Accounts Payable and Accrued Expenses	13,875	(232,007)
Grants Payable	(79,299)	(234,720)
Accrued Vacation/Payroll	18,937	(14,881)
Deferred Lease Obligation	(23,442)	(68,700)
Refundable Advance	(900,000)	900,000
Contributions Restricted for Long Term Purposes:		
Contributions	(1,022,888)	(77,088)
Net Cash Used by Operating Activities	(1,938,588)	(6,630)
CASH FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,470,295)	(71,209)
Proceeds from Sale of Investments	2,331,945	-
Purchases of Property and Equipment	(3,315)	(9,015)
Net Cash Used by Investing Activities	(1,141,665)	(80,224)
CASH FROM FINANCING ACTIVITIES		
Collection of Contributions Restricted for Long Term Purposes	1,022,888	52,088
Principal Payments on Capital Lease Obligation	(2,279)	(2,200)
Net Cash Provided by Financing Activities	1,020,609	49,888
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,059,644)	(36,966)
Cash and Cash Equivalents - Beginning of Year	4,135,025	4,171,991
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,075,381	\$ 4,135,025
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Donated Securities Received	\$ 34,655	\$ 25,353
Leasehold Improvements Acquired Via Lease Incentives	\$ 311,527	\$ -