

**CHILDREN OF ARMENIA FUND, INC.
AND SUBSIDIARY**

Consolidating Financial Statements

December 31, 2024 and 2023



RJSacco & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

300 Carnegie Center, Suite 240, Princeton, NJ 08540

INDEPENDENT AUDITORS' REPORT

Board of Directors
Children of Armenia Fund, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidating statements of Children of Armenia Fund, Inc. (a nonprofit corporation) and Subsidiary which comprise the statement of financial positions as of December 31, 2024 and 2023 and the related consolidating statements of activities and cash flows for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of Children of Armenia Fund, Inc. and Subsidiary as of December 31, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of COAF Armenia, a foreign wholly-owned subsidiary, which statements reflect total net assets of \$22,198,200 and \$14,232,277 as of December 31, 2024 and 2023, respectively, and total support and revenues of \$7,327,300 and \$5,654,929 for the respective years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for COAF Armenia, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children of Armenia Fund, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children of Armenia Fund, Inc. and Subsidiary's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of Children of Armenia Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children of Armenia Fund, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

R. J. Sacco & Company LLP

Princeton, NJ
November 10, 2025

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY

December 31, 2024 and 2023

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CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY
Consolidating Statements of Financial Position
December 31, 2024 and 2023

	2024				2023			
	COAF US	COAF Armenia	Eliminations	Consolidated	COAF US	COAF Armenia	Eliminations	Consolidated
Assets								
Cash and cash equivalents	\$ 5,984,978	\$ 989,422	\$ -	\$ 6,974,400	\$ 3,278,447	\$ 850,330	\$ -	\$ 4,128,777
Unconditional promises to give	9,716,984	-	-	9,716,984	12,648,728	-	-	12,648,728
Other current assets	-	1,514,074	-	1,514,074	-	1,382,863	-	1,382,863
Total current assets	15,701,962	2,503,496	-	18,205,458	15,927,175	2,233,193	-	18,160,368
Property and equipment - net	-	14,488,090	-	14,488,090	-	11,630,396	-	11,630,396
Long-term investments	273,338	5,165,904	-	5,439,242	513,707	345,058	-	858,765
Intangible assets - net	-	40,710	-	40,710	-	23,630	-	23,630
Total other assets	273,338	5,206,614	-	5,479,952	513,707	368,688	-	882,395
Total assets	\$ 15,975,300	\$ 22,198,200	\$ -	\$ 38,173,500	\$ 16,440,882	\$ 14,232,277	\$ -	\$ 30,673,159
Liabilities and net assets								
Accounts payable and accrued expenses	\$ 9,521	\$ 398,934	\$ -	\$ 408,455	\$ 10,274	\$ 303,824	\$ -	\$ 314,098
SBA EIDL Loan	138,350	-	-	138,350	146,042	-	-	146,042
Grants received and deferred income	-	21,672,814	-	21,672,814	-	13,937,157	-	13,937,157
Total liabilities	147,871	22,071,748	-	22,219,619	156,316	14,240,981	-	14,397,297
Net assets without restrictions	15,827,429	126,452	-	15,953,881	16,284,566	(8,704)	-	16,275,862
Total net assets	15,827,429	126,452	-	15,953,881	16,284,566	(8,704)	-	16,275,862
Total liabilities and net assets	\$ 15,975,300	\$ 22,198,200	\$ -	\$ 38,173,500	\$ 16,440,882	\$ 14,232,277	\$ -	\$ 30,673,159

See notes to consolidating financial statements.

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY
Consolidating Statements of Activities
Years Ended December 31, 2024 and 2023

	2024					2023				
	Changes in Net Assets Without Restrictions					Changes in Net Assets Without Restrictions				
	COAF US	COAF Armenia	Eliminations	Consolidated		COAF US	COAF Armenia	Eliminations	Consolidated	
Changes in net assets										
Support and revenue										
Contributions	\$ 14,057,054	\$ 7,150,611	\$ (6,116,593)	\$ 15,091,072		\$ 14,840,574	\$ 5,616,851	\$ (6,652,774)	\$ 13,804,651	
Interest & other income	275,246	176,689	-	451,935		19,857	38,078	-	57,935	
Gain (loss) on investments	(240,369)	-	-	(240,369)		(791,490)	-	-	(791,490)	
Total support and revenue	14,091,931	7,327,300	(6,116,593)	15,302,638		14,068,941	5,654,929	(6,652,774)	13,071,096	
Expenses										
Program services										
Educational	-	1,052,466	-	1,052,466		-	611,861	-	611,861	
Health	-	1,283,259	-	1,283,259		-	145,661	-	145,661	
General	12,559,088	-	(5,270,706)	7,288,382		5,443,530	-	(5,443,530)	-	
COAF SMART initiatives	845,887	1,661,164	(845,887)	1,661,164		1,209,244	2,312,360	(1,209,244)	2,312,360	
Social programs	-	503,251	-	503,251		-	488,947	-	488,947	
Infrastructure	-	548,527	-	548,527		-	530,518	-	530,518	
Economic development	-	508,577	-	508,577		-	437,456	-	437,456	
Total program services	13,404,975	5,557,245	(6,116,593)	12,845,627		6,652,774	4,526,803	(6,652,774)	4,526,803	
Management and general	775,970	1,634,899	-	2,410,869		640,483	1,136,830	-	1,777,313	
Fundraising	368,123	-	-	368,123		548,776	-	-	548,776	
Total expenses	14,549,068	7,192,144	(6,116,593)	15,624,619		7,842,033	5,663,633	(6,652,774)	6,852,892	
Bad debts	-	-	-	-		-	-	-	-	
Total expenses	14,549,068	7,192,144	(6,116,593)	15,624,619		7,842,033	5,663,633	(6,652,774)	6,852,892	
Increase (Decrease) in net assets without restrictions	(457,137)	135,156	-	(321,981)		6,226,908	(8,704)	-	6,218,204	
Net assets without restrictions - beginning of year	16,284,566	(8,704)	-	16,275,862		10,057,658	-	-	10,057,658	
Net assets without restrictions - end of year	\$ 15,827,429	\$ 126,452	\$ -	\$ 15,953,881		\$ 16,284,566	\$ (8,704)	\$ -	\$ 16,275,862	

NOTE: Eliminations reflect payments made to or on behalf of COAF Armenia from COAF US.

See notes to consolidating financial statements.

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Educational	Health	SMART	Social	Infrastructure	Economic	Total
Program services							
Language services	\$ 809,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,114
Compensation	270,400	134,401	1,328,313	434,154	-	219,392	2,586,660
Occupancy costs	-	-	411,095	-	-	-	411,095
Transportation	49,918	14,935	122,855	12,063	24,509	5,786	230,065
Educational programs	525,819	-	-	-	-	-	525,819
Health and dental	-	435,133	-	-	-	-	435,133
Career development	247,122	-	-	-	-	-	247,122
Social services	-	-	-	332,205	-	-	332,205
Public relations	-	-	-	113,485	-	-	113,485
Communication & IT	-	-	59,852	-	-	-	59,852
Insurance	-	-	106,317	-	-	-	106,317
Business development	-	-	-	-	-	482,179	482,179
SMART Center operations	-	-	2,313,893	-	2,632,261	1,002,933	5,949,088
General	20,800	14,935	511,904	5,031	-	4,824	557,494
Total program services	1,923,173	599,403	5,054,228	896,937	2,656,771	1,715,114	12,845,627
Management and general							
Consultants	57,156	19,052	152,414	38,103	76,206	38,103	381,035
Insurance	1,118	373	2,980	745	1,489	745	7,450
Miscellaneous	7,926	2,642	21,137	5,285	10,568	5,285	52,843
Postage	635	212	1,694	423	846	423	4,234
Professional fees	9,666	3,222	25,774	6,443	12,888	6,443	64,436
Software	3,852	1,285	10,274	2,568	5,137	2,568	25,683
Staffing	124,700	41,566	332,530	83,133	166,264	83,133	831,326
Travel	14,714	4,905	39,237	9,809	19,619	9,810	98,093
Direct local compensation	141,866	47,289	378,307	94,577	189,153	94,577	945,770
Total management & general	361,633	120,545	964,348	241,085	482,171	241,087	2,410,869
Fundraising							
Collection expenses	2,120	707	5,654	1,413	2,827	1,413	14,135
Entertainment costs	15,980	5,327	42,613	10,653	21,307	10,653	106,533
Event costs	30,256	10,086	80,681	20,171	40,340	20,171	201,704
Marketing	1,481	494	3,950	987	1,975	987	9,875
Miscellaneous	2,075	692	5,532	1,383	2,766	1,383	13,831
Postage	3,117	1,039	8,310	2,077	4,155	2,077	20,776
Staffing	-	-	-	-	-	-	-
Travel	191	64	508	127	254	127	1,270
Total fundraising	55,220	18,408	147,248	36,812	73,624	36,812	368,123
Total expenses	\$ 2,340,026	\$ 738,356	\$ 6,165,824	\$ 1,174,834	\$ 3,212,565	\$ 1,993,013	\$ 15,624,619

See notes to consolidating financial statements.

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Educational	Health	SMART	Social	Infrastructure	Economic	Total
Program services							
Language services	285,132	-	-	-	-	-	285,132
Compensation	95,289	47,363	538,578	152,996	-	77,314	911,540
Occupancy costs	-	-	144,870	-	-	-	144,870
Transportation	17,591	5,263	43,294	4,251	8,637	2,039	81,075
Educational programs	185,299	-	-	-	-	-	185,299
Health and dental	-	153,341	-	-	-	-	153,341
Career development	87,086	-	-	-	-	-	87,086
Social services	-	-	-	117,069	-	-	117,069
Public relations	-	-	-	39,992	-	-	39,992
Communication & IT	-	-	21,092	-	-	-	21,092
Insurance	-	-	37,466	-	-	-	37,466
Business development	-	-	-	-	-	169,920	169,920
SMART Center operations	-	-	815,417	-	927,610	353,434	2,096,461
General	7,330	5,263	180,395	1,773	-	1,700	196,461
Total program services	677,727	211,230	1,781,112	316,081	936,247	604,407	4,526,804
Management and general							
Consultants	42,136	14,045	112,361	28,090	56,180	28,090	280,902
Insurance	824	275	2,197	549	1,098	549	5,492
Miscellaneous	5,843	1,948	15,582	3,896	7,791	3,896	38,956
Postage	468	156	1,249	312	624	312	3,121
Professional fees	7,126	2,375	19,001	4,750	9,501	4,750	47,503
Software	2,840	947	7,574	1,893	3,787	1,893	18,934
Staffing	91,930	30,643	245,144	61,286	122,571	61,286	612,860
Travel	10,847	3,616	28,926	7,231	14,463	7,232	72,315
Direct local compensation	104,585	34,862	278,891	69,723	139,445	69,723	697,229
Total management & general	266,599	88,867	710,925	177,730	355,460	177,731	1,777,312
Fundraising							
Collection expenses	3,161	1,054	8,428	2,107	4,214	2,107	21,071
Entertainment costs	23,822	7,941	63,525	15,881	31,763	15,881	158,813
Event costs	45,104	15,035	120,275	30,069	60,137	30,069	300,689
Marketing	2,208	736	5,889	1,472	2,944	1,472	14,721
Miscellaneous	3,093	1,031	8,247	2,062	4,123	2,062	20,618
Postage	4,646	1,549	12,388	3,097	6,194	3,097	30,971
Staffing	-	-	-	-	-	-	-
Travel	284	95	757	189	379	189	1,893
Total fundraising	82,318	27,441	219,509	54,877	109,754	54,877	548,776
Total expenses	\$ 1,026,644	\$ 327,538	\$ 2,711,546	\$ 548,688	\$ 1,401,461	\$ 837,015	\$ 6,852,892

See notes to consolidating financial statements.

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY
Consolidating Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024				2023			
	COAF US	COAF Armenia	Eliminations	Consolidated	COAF US	COAF Armenia	Eliminations	Consolidated
Cash flows from operating activities								
Decrease (increase) in net assets	\$ (457,137)	\$ 135,156	\$ -	\$ (321,981)	\$ 6,226,908	\$ -	\$ -	\$ 6,226,908
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities								
Depreciation and amortization	-	738,250	-	738,250	-	766,822	-	766,822
Unrealized loss (gain) on investments	240,369	-	-	240,369	791,490	-	-	791,490
Loss on disposal of property and equipment	-	497,485	-	497,485	-	182,910	-	182,910
Currency gain (loss)	-	(55,397)	-	(55,397)	-	(55,482)	-	(55,482)
Increase (decrease) in								
Unconditional promises to give	2,931,744	(91,478)	-	2,840,266	-	197,600	-	197,600
Other current assets	-	89,818	-	89,818	(7,150,735)	(47,842)	-	(7,198,577)
Increase (decrease) in								
Grants received and deferred income	-	7,369,936	-	7,369,936	-	1,865,026	-	1,865,026
Accounts payable	(753)	46,946	-	46,193	2,264	122,382	-	124,646
Net cash (used in) provided by operating activities	2,714,223	8,730,716	-	11,444,939	(130,073)	3,031,416	-	2,901,343
Cash flows from investing activities								
Securities received for contributions	-	-	-	-	-	-	-	-
Sale (purchases) of long-term investments	-	(4,670,868)	-	(4,670,868)	-	-	-	-
Purchase of property and equipment	-	(3,920,756)	-	(3,920,756)	-	(2,466,873)	-	(2,466,873)
Net cash provided by (used in) investing activities	-	(8,591,624)	-	(8,591,624)	-	(2,466,873)	-	(2,466,873)
Cash flows from financing activities								
Payments on SBA EIDL loan	(7,692)	-	-	(7,692)	(3,621)	-	-	(3,621)
Net cash provided by financing activities	(7,692)	-	-	(7,692)	(3,621)	-	-	(3,621)
Net (decrease) increase in cash and cash equivalents	2,706,531	139,092	-	2,845,623	(133,694)	564,543	-	430,849
Cash and cash equivalents - beginning of year	3,278,447	850,330	-	4,128,777	3,412,141	285,787	-	3,697,928
Cash and cash equivalents - end of year	\$ 5,984,978	\$ 989,422	\$ -	\$ 6,974,400	\$ 3,278,447	\$ 850,330	\$ -	\$ 4,128,777

See notes to consolidating financial statements.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements

December 31, 2024 and 2023

Note 1 - Nature of activities and significant accounting policies

Nature of activities

Since its founding in 2000, Children of Armenia Fund, Inc. ("COAF") and Subsidiary (collectively, the "Fund") has worked to improve education, health care, community life and economic conditions for children in Armenia's impoverished rural villages. At their core, the Fund's programs create and sustain opportunities for growth and progress. Partnerships with the United Nations Development Programs (UNDP), United States Agency for International Development (USAID), the World Bank and the US Embassy in Armenia, along with other local and international organizations, have allowed the Fund to further leverage its resources and contribute to the development of one of the most economically disadvantaged regions of the world.

Over the course of several years, the Fund's regional cluster has grown from one to forty-four villages as the model has evolved and become more effective. Programs are broad and include strategic activity in the areas of Education, Health, Child and Family Services, Community Engagement, Economic Development and Infrastructure Rehabilitation. The Fund's approach to development is holistic and comprehensive, rooted in the belief that long-term results can only be achieved through programs that address the unique issues facing each and every community. Each challenge is addressed from the ground up, working closely with local communities every step of the way.

In May of 2018, the Fund's first SMART Center opened in Lori Province. SMART is an innovative initiative for the advancement of rural communities by providing village youth with resources and opportunities that enable them to pursue their education. SMART will take the experiences working in the villages over the course of several years and spread it out across the Armenian countryside to all 900+ villages.

While the Fund's programs are currently concentrated in rural Armenia, its innovative approach of addressing rural poverty can be applied in any impoverished region of the world. The Fund aspires to form alliances with organizations operating in other regions and to share its methodology in order to eradicate poverty, paving the way for peaceful resolutions to many of the regional conflicts that exist today.

In addition to managing its operations from its headquarters in New York City, the Fund operates through a local entity, Children of Armenia Fund ("COAF Armenia") in order to carry out the implementation of its programs directly on the ground in Armenia.

Principles of consolidation

The accompanying consolidating financial statements include the accounts of COAF and COAF Armenia. All significant intercompany balances and transactions have been eliminated in consolidation.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 1 - Nature of activities and significant accounting policies - continued

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of three months or less that present insignificant risk of changes in value because of changes in interest rates.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidating statements of financial position. Gains and losses on investments are reflected in the consolidating statements of activities. Long-term investments consist of marketable securities not available for sale. Gifts in kind consists of gifts of collectible items and are reported at their donor designated values, which the organization believes is representative of fair values.

Promises to Give

Contributions are recognized when a donor makes a promise to give to the Fund that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Fund uses the allowance method to reserve for uncollectible promises to give. Based on historical experience and analysis of specific promises made, management has determined that a reserve is not needed at December 31, 2024 and 2023. Management believes the related losses are nonrecurring and all remaining receivables are fully collectible.

Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives as follows:

Buildings and improvements	20-30 years
Automobiles	5-10 years
Computers & equipment	3 - 5 years

Intangible assets

Intangible assets are recorded at cost and amortized using the straight-line method over the estimated useful life of the related asset of 10 years. Amortization expense included in the consolidating statements of activities for the years ended December 31, 2024 and 2023 was \$4,433 and \$3,651, respectively.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 1 - Nature of activities and significant accounting policies - continued

Contributed services

No amounts have been reflected in the consolidating financial statements for donated services or for the use of the Fund's headquarters in New York City. Several individuals volunteer their time and perform a variety of tasks that assist the Fund. These services do not meet the criteria for recognition as contributed services. In addition, management has determined that the incidental use of space is deemed to be immaterial.

Revenue recognition

The Fund generally has three main sources of revenue: promises to give, direct contributions and event attendance. When promises or funds are received, the Fund identifies any potential contract, restriction, etc., with the donor in order to determine performance obligations, contract price and any need to allocate any amounts across amount to be recognized. Revenue is generally recognized once performance obligations have been met as detailed below.

Promises to give to date do not have a formal contract and are not legally binding. Accordingly with no performance obligations, revenue is recognized at the time the promise is made as either with or without restrictions as appropriate. Likewise, direct contributions to date have not been subject to performance obligations and are recognized as additions to net assets with or without restrictions as applicable.

The Fund generally recognizes revenue for event attendance at the time of the event when the performance obligation has been satisfied.

Tax status

COAF is exempt from federal income taxes as an organization qualifying under Section 501(c) (3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. In accordance with ASC 740, "Income Taxes", the Fund has evaluated all uncertain tax positions and deems that more likely than not all positions would be sustained should an examination occur by a taxing authority. The years 2019 through 2023 remain open to examination by the Internal Revenue Service.

COAF Armenia is subject to the laws of Armenia and has various information reporting requirements.

Estimates

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

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 1 - Nature of activities and significant accounting policies - continued

Cost Allocation

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

Reclassifications

The 2024 consolidating financial statements have been reclassified to conform to the 2023 presentation. Management believes that the current reporting system is more representative of actual operations and any differences with prior years' presentations is not significant.

Note 2 - Restriction on net assets

Net assets with restrictions are donor imposed conditions that funds be utilized for specific projects, expenses, etc. As of December 31, 2024 and 2023, the Fund had no net assets with restrictions.

Note 3 - Concentrations

The Fund maintains its cash balances and investments in financial institutions located in the United States and Armenia. The cash and investment balances maintained in the United States, at times, may exceed federally insured limits. The Fund has not experienced any losses on these balances. The Majority of fundraising is derived from the annual gala. The annual gala accounted for approximately 83% and 76% of the organization's revenue in 2024 and 2023, respectively.

Note 4 - Unconditional promises to give

Unconditional promises to give are contributions that are receivable in less than one year and may include promises to give with or without restriction. Generally, promises to give are without restrictions and earned at a year-end fundraising event to fund future projects. Approximately 62% and 57% of all promises to give were less than 30 days outstanding as of December 31, 2024 and 2023, respectively, and management believes that all promises to give are collectible.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 5 - Investments

At December 31, 2024 and 2023, long-term investments consist of shares of publicly traded securities and a certificate of deposit. As of December 31, 2024, management intends to hold such investments as cash reserves pending market conditions that would make the sale beneficial to the company. Current market conditions have not met such targets as set by management.

A summary of changes in fair value of the Fund's investments for the years ended December 31, 2024 and 2023 follows:

	Long-term Investments
Balance - December 31, 2022	\$ 1,627,442
Disposition of investments	-
Change in fair value	(768,677)
Balance - December 31, 2023	858,765
Purchase and contribution of investments	4,670,868
Disposition of investments	-
Change in fair value	(90,391)
Balance - December 31, 2024	\$ 5,439,242

Note 6 - Property and equipment

At December 31, 2023 and 2022, property and equipment consist of the following:

	2024	2023
Land, building and improvements	\$ 14,693,892	\$ 11,299,269
Automobiles and other equipment	1,868,376	1,799,261
Computers and office equipment	1,883,483	1,602,787
	18,445,751	14,701,317
Accumulated depreciation	(3,877,196)	(3,070,921)
Property & equipment - net	\$ 14,568,555	\$ 11,630,396

Depreciation expense included in the consolidating statements of activities for the years ended December 31, 2024 and 2023 was \$833,817 and \$763,171, respectively.

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 7 - Fair value measurements

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models; discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in publicly traded marketable securities are classified within Level 1 and are reported at fair value on a recurring basis determined by reference to quoted market prices as published by the applicable stock exchanges for similar investments and other relevant information generated by market

Certificates of deposit are classified within Level 2 and are reported at fair value on a recurring basis determined by reference to the face value of the instrument and reference to applicable interest rates and quoted market prices for similar assets.

The Fund's receipt of gifts in kind is classified within Level 3 of the fair value hierarchy because the items trade infrequently (or not at all) and, therefore, have little or no readily available pricing. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments are generally based on available market information. In the absence of such evidence, management's best estimate is used. As of December 31, 2023 and 2022, the Fund did not have any gifts in kind.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 7 - Fair value measurements - continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2024 and 2023 are as follows:

<u>Description</u>	<u>Type</u>	<u>2024</u>	<u>2023</u>
Long-term investments			
Marketable securities	Level 1	\$ 273,338	\$ 513,707
Certificate of deposit	Level 2	5,165,904	345,058
Total long-term investments		<u>\$ 5,439,242</u>	<u>\$ 858,765</u>

The organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2024 and 2023.

Note 8 – Long-term debt

On September 3, 2020, the Organization obtained financing through the Small Business Association's Economic Injury Disaster Loan program in the amount of \$150,000 to aid against negative impacts against the Organization's administrative operations as a result of the COVID-19 pandemic. Under the terms of the program, all payments due are deferred for 12 months from the date of the promissory note. The loan is an installment note payable requiring monthly installments of \$641, including interest at 2.75% per annum, beginning October 3, 2021 with the unpaid balance due at maturity on September 3, 2050. The loan is secured by virtually all assets of the Organization, primarily deposit accounts and pledges receivable.

Future principal payments on long-term debt for the years ended December 31 follow:

2025	\$ 3,567
2026	3,622
2027	3,723
2028	3,826
2029	3,933
Thereafter	<u>119,679</u>
Total long-term debt	<u>\$ 138,350</u>

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 9 – Liquidity and availability of financial assets

The Organization has an operating capital that had a balance of \$22.1 million and \$17.6 million as December 31, 2024 and 2023, respectively. The governing board has not set a designated reserve as of the balance sheet date to draw upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The Organization plans to set a targets for this reserve annually to be determined based on management's judgement about the appropriate amount of funds to have set aside in addition to working capital. The current operating capital funds are held in lower-risk cash while investments are comprised of one common stock security.

The following chart reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designation. Amounts not available include amounts set aside for long-term investing in the operating and capital reserves that could be drawn upon if the governing board approves that action. There were no such amounts not available for use as of December 31, 2024 and 2023.

As noted, management does not intend to liquidated Investments until they have reached various target prices. As of December 31, 2024 those targets have not been met.

At December 31, 2024 and 2023, financial assets available to meet cash needs for general expenditure follow:

	2024	2023
Cash	\$ 6,974,400	\$ 4,128,777
Investments	5,439,242	858,765
Receivables	9,716,984	12,648,728
Total financial assets	22,130,626	17,636,270
Donor & board restrictions	-	-
Total financial assets available	<u>\$ 22,130,626</u>	<u>\$ 17,636,270</u>

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2024 and 2023

Note 10 – Risks and uncertainties

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The organization is exposed to currency risk to the extent that there is a mismatch between currencies in which cash and cash equivalent and grants related to income are denominated and the functional currency of the organization. The currency in which these transactions are primarily denominated is USD.

Note 12 - Subsequent events

The Organization has evaluated subsequent events through November 10, 2025, the date that the consolidating financial statements were available to be issued.