

**REVIEWED
FINANCIAL STATEMENTS**

WAR CHILD USA, INC.

DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
War Child USA, Inc.

We have reviewed the accompanying financial statements of War Child USA, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

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

Freed Maxick CPAs, P.C.

Buffalo, New York
March 12, 2024

WAR CHILD USA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31,
See Independent Accountant's Review Report

ASSETS	2023	2022
Cash	\$ 212,876	\$ 208,271
Accounts receivable	-	934
Prepaid expenses	8,502	-
Total assets	\$ 221,378	\$ 209,205
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 18,758	\$ 7,586
Due to related party	52,188	88,783
	70,946	96,369
 Net assets:		
Without donor restrictions	150,432	112,836
Total net assets	150,432	112,836
 Total liabilities and net assets	 \$ 221,378	 \$ 209,205

See accompanying notes.

WAR CHILD USA, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -
Corporate donations	67,984	-	67,984	144,960	-	144,960
Special events	114,217	-	114,217	124,449	-	124,449
Individual donations	87,032	-	87,032	45,552	-	45,552
Foundation donations	25,000	-	25,000	1,504	-	1,504
Net assets released from restriction	250,000	(250,000)	-	-	-	-
Total support and revenue	544,233	-	544,233	316,465	-	316,465
Expenses:						
Program services	307,666	-	307,666	69,708	-	69,708
Fundraising	160,733	-	160,733	12,144	-	12,144
Management and general	38,238	-	38,238	81,347	-	81,347
Total expenses	506,637	-	506,637	163,199	-	163,199
Changes in net assets	37,596	-	37,596	153,266	-	153,266
Net assets (deficit), beginning of year	112,836	-	112,836	(40,430)	-	(40,430)
Net assets, end of year	\$ 150,432	\$ -	\$ 150,432	\$ 112,836	\$ -	\$ 112,836

See accompanying notes.

WAR CHILD USA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ 37,596	\$ 153,266
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Accounts receivable	934	(934)
Prepaid expenses	(8,502)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	11,172	4,888
Due to related party	(36,595)	(48,274)
Net cash provided by operating activities	<u>4,605</u>	<u>108,946</u>
Net increase in cash	4,605	108,946
Cash, beginning of year	<u>208,271</u>	<u>99,325</u>
Cash, end of year	<u><u>\$ 212,876</u></u>	<u><u>\$ 208,271</u></u>

See accompanying notes.

WAR CHILD USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Program activities	\$ 235,890	\$ -	\$ -	\$ 235,890
Professional fees	-	38,771	27,503	66,274
Grants and other assistance	50,000	-	-	50,000
Special events	-	47,336	-	47,336
Director's fees	15,088	13,412	1,500	30,000
Management fees	-	25,270	4,026	29,296
Travel	6,688	9,027	-	15,715
Donor database and processing fees	-	14,080	-	14,080
Advertising and promotion	-	12,837	-	12,837
Office expenses	-	-	4,381	4,381
Bank charges	-	-	828	828
	<u>\$ 307,666</u>	<u>\$ 160,733</u>	<u>\$ 38,238</u>	<u>\$ 506,637</u>

See accompanying notes.

WAR CHILD USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Grants and other assistance	\$ 50,000	\$ -	\$ -	\$ 50,000
Director's fees	-	-	30,000	30,000
Professional fees	-	-	22,375	22,375
Management fees	-	-	21,356	21,356
Program activities	19,708	-	-	19,708
Travel	-	5,045	-	5,045
Donor database and processing fees	-	4,832	-	4,832
Miscellaneous	-	-	4,147	4,147
Office expenses	-	-	2,704	2,704
Advertising and promotion	-	2,267	-	2,267
Bank charges	-	-	765	765
	<u>\$ 69,708</u>	<u>\$ 12,144</u>	<u>\$ 81,347</u>	<u>\$ 163,199</u>

See accompanying notes.

WAR CHILD USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: War Child USA Inc. (the "Organization") is a New York domiciled corporation. The Organization is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was established for the purpose of bringing relief to persons anywhere in the world who are suffering hardship, sickness or distress as a result of war and, in particular, to bring such relief to children who are suffering. The Organization's additional objective is to advance education of the public on the effects of war, and especially the effects of war on children.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). The Organization's significant accounting policies are as follows:

Financial Statement Presentation: The Organization reports information regarding financial position and operations according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2023 and 2022, the Organization had no net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of operations and changes in net assets.

Accounts Receivable: Accounts receivable are stated at the invoice amount less an allowance for doubtful accounts. On a periodic basis, the Organization will evaluate its accounts receivable and establish an allowance for doubtful accounts as needed. U.S. GAAP requires the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Prepaid expenses: Prepaid expenses are recorded when the invoice is paid in full for expenses in future periods.

Revenue Recognition: Donations and pledges which are unrestricted are recorded in the financial statements as revenue when received. Donations and grants designated for specified programs and events are recognized as revenue in the year in which the related expenses are incurred.

Advertising: Advertising costs are charged to operations when incurred. Advertising expense for the year ended December 31, 2023, amounted to \$12,837 (\$2,267 – 2022).

Expense Recognition and Allocation: Expenses were allocated by management according to specific identification. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

WAR CHILD USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as a public charity.

The Organization has considered the recognition requirements for uncertain income tax positions. The Organization believes that its income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition.

Foreign Currency Translation: Transactions denominated in foreign currencies are translated at the exchange rate in effect on the date they occur. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate in effect as of the statements of financial position date. Gains or losses arising from foreign exchange translations are recorded in the statements of operations and changes in net assets.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after March 12, 2024, which is the date these 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 December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 212,876	\$ 208,271
Accounts receivable	<u>-</u>	<u>934</u>
Financial assets available to meet general expenditures within one year	<u>\$ 212,876</u>	<u>\$ 209,205</u>

The Organization's goal is generally to maintain financial assets to meet current liabilities.

NOTE 3. RELATED PARTY TRANSACTIONS

War Child USA, Inc. is a not-for-profit organization under Section 501(c)(3) that shares common interests, and purposes with War Child Canada. On January 1, 2021, the Organization entered into an agreement with War Child Canada to provide various general management and administrative services that it does not have the capacity to perform, which are required by the Organization to further enable its charitable purposes. Such services include managing the organization's operations, general administration, and fundraising initiatives. The Organization paid to War Child Canada management fees amounting to \$29,296 for the year ended December 31, 2023 (\$21,356 – 2022).

WAR CHILD USA, INC.

NOTES TO THE FINANCIAL STATEMENTS
See Independent Accountant's Review Report

NOTE 3. RELATED PARTY TRANSACTIONS (CONTINUED)

War Child Canada will occasionally pay for minor administrative expenses on behalf of War Child USA, Inc. These advances have no repayment terms and are settled in lump sum repayments by War Child USA, Inc. when possible. As of December 31, 2023, the amount due to War Child Canada amounted to \$52,188 (\$88,783 – 2022).

The Organization has a liability to a director for travel related reimbursement which is included in accounts payable and accrued liabilities on the accompanying statement of financial position as of December 31, 2022, amounting to \$4,644. There was no amount due to a director as of December 31, 2023.