

WAR CHILD USA, INC.
Financial Statements
December 31, 2025 and 2024
(With Independent Auditors' Report Thereon)

WAR CHILD USA, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
War Child USA, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of War Child USA, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of War Child USA, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of War Child USA, Inc. as of December 31, 2024 were reviewed by other accountants whose report dated March 28, 2025 stated they were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management 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, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 a material misstatement when it exists. The risk of not detecting a 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 judgment 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 the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 8, 2026

WAR CHILD USA, INC.
 Statements of Financial Position
 December 31, 2025 and 2024

	2025 <u>(Audited)</u>	2024 <u>(Reviewed)</u>
<u>Assets</u>		
Cash and equivalents	\$ 385,499	313,901
Investments	-	10,068
Prepaid expenses	<u>9,838</u>	<u>8,499</u>
Total assets	<u>\$ 395,337</u>	<u>332,468</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued liabilities	23,105	11,624
Due to related party	<u>1,716</u>	<u>124,750</u>
Total liabilities	24,821	136,374
Net assets without donor restrictions	<u>370,516</u>	<u>196,094</u>
Total liabilities and net assets	<u>\$ 395,337</u>	<u>332,468</u>

See accompanying notes to financial statements.

WAR CHILD USA, INC.
Statements of Activities
Years ended December 31, 2025 and 2024

	2025 (Audited)			2024 (Reviewed)		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue:						
Grants	\$ -	200,000	200,000	-	110,000	110,000
Individual donations	684,418	-	684,418	300,427	-	300,427
Special events	211,263	-	211,263	34,643	-	34,643
Foundation donations	97,869	-	97,869	63,362	-	63,362
Corporate donations	3,230	-	3,230	5,670	-	5,670
Other	20	-	20	12	-	12
Net assets released from restriction	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>110,000</u>	<u>(110,000)</u>	<u>-</u>
Total support and revenue	<u>1,196,800</u>	<u>-</u>	<u>1,196,800</u>	<u>514,114</u>	<u>-</u>	<u>514,114</u>
Expenses:						
Program services	792,332	-	792,332	261,664	-	261,664
Fundraising	202,725	-	202,725	172,889	-	172,889
Management and general	<u>38,575</u>	<u>-</u>	<u>38,575</u>	<u>33,825</u>	<u>-</u>	<u>33,825</u>
Total expenses	<u>1,033,632</u>	<u>-</u>	<u>1,033,632</u>	<u>468,378</u>	<u>-</u>	<u>468,378</u>
Change in net assets before other income (expenses)	163,168	-	163,168	45,736	-	45,736
Other income (expenses) investment income (loss)	<u>11,254</u>	<u>-</u>	<u>11,254</u>	<u>(74)</u>	<u>-</u>	<u>(74)</u>
Change in net assets	174,422	-	174,422	45,662	-	45,662
Net assets at beginning of year	<u>196,094</u>	<u>-</u>	<u>196,094</u>	<u>150,432</u>	<u>-</u>	<u>150,432</u>
Net assets at end of year	<u>\$ 370,516</u>	<u>-</u>	<u>370,516</u>	<u>196,094</u>	<u>-</u>	<u>196,094</u>

See accompanying notes to financial statements.

WAR CHILD USA, INC.
Statement of Functional Expenses
Year ended December 31, 2025
(with comparative totals for 2024)

	Program		Management	Total	
	<u>services</u>	<u>Fundraising</u>	<u>and</u> <u>general</u>	<u>2025</u> <u>(Audited)</u>	<u>2024</u> <u>(Reviewed)</u>
Grants and other assistance	\$ 562,300	-	-	562,300	151,000
Program activities	201,818	-	-	201,818	100,000
Professional fees	-	19,000	23,786	42,786	79,309
Management fees	3,765	27,904	3,331	35,000	32,300
Director's fees	17,348	11,152	1,500	30,000	30,000
Advertising and promotion	-	51,746	-	51,746	28,161
Special events	-	71,423	-	71,423	21,124
Donor database and processing fees	-	12,792	-	12,792	10,717
Office expenses	-	-	8,579	8,579	8,154
Travel	7,101	7,268	-	14,369	6,472
Bank charges	-	-	1,379	1,379	1,141
Donor development	-	1,440	-	1,440	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 792,332</u>	<u>202,725</u>	<u>38,575</u>	<u>1,033,632</u>	<u>468,378</u>

See accompanying notes to financial statements.

WAR CHILD USA, INC.
Statement of Functional Expenses
Year ended December 31, 2024
(Reviewed)

	Program <u>services</u>	<u>Fundraising</u>	Management and <u>general</u>	<u>Total</u>
Grants and other assistance	\$ 151,000	-	-	151,000
Program activities	100,000	-	-	100,000
Professional fees	-	60,000	19,309	79,309
Management fees	4,233	24,346	3,721	32,300
Director's fees	5,700	22,800	1,500	30,000
Advertising and promotion	-	28,161	-	28,161
Special events	-	21,124	-	21,124
Donor database and processing fees	-	10,717	-	10,717
Office expenses	-	-	8,154	8,154
Travel	731	5,741	-	6,472
Bank charges	-	-	1,141	1,141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 261,664</u>	<u>172,889</u>	<u>33,825</u>	<u>468,378</u>

See accompanying notes to financial statements.

WAR CHILD USA, INC.
Statements of Cash Flows
Years ended December 31, 2025 and 2024

	2025 <u>(Audited)</u>	2024 <u>(Reviewed)</u>
Cash flows from operating activities:		
Change in net assets	\$ 174,422	45,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss on investments	134	74
Donated stock	-	(10,142)
Changes in:		
Prepaid expenses	(1,339)	3
Accounts payable and accrued liabilities	11,481	(7,134)
Due to related party	<u>(123,034)</u>	<u>72,562</u>
Net cash provided by operating activities	61,664	101,025
Cash flows from investing activities - proceeds from sale of investments	<u>9,934</u>	<u>-</u>
Net change in cash and equivalents	71,598	101,025
Cash and equivalents at beginning of year	<u>313,901</u>	<u>212,876</u>
Cash and equivalents at end of year	<u>\$ 385,499</u>	<u>313,901</u>

See accompanying notes to financial statements.

WAR CHILD USA, INC.
Notes to Financial Statements
December 31, 2025 and 2024

(1) Nature of Organization

War Child USA Inc. (the Organization) is a not-for-profit corporation 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.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Organization reports 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. Net assets without donor restrictions represents resources available for the general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Organization.

(c) Estimates

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

(d) Cash and Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, to be cash equivalents.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. The Organization maintains financial instruments at financial institutions which periodically may exceed federally insured limits. At December 31, 2025, \$303,238 was in excess of federally insured limits. At December 31, 2024 the Organization had no amounts in excess of the federally insured limits.

WAR CHILD USA, INC.
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(f) Deferred Revenue and Revenue Recognition

The Organization recognizes conditional grants, typically not-for-profit organizations, as revenue when qualifying expenses have been incurred in compliance with the grant requirements. The Organization recognizes conditional contributions as revenue, when the underlying conditions of the agreement have been met. Amounts unspent at the end of the period and funds received in advance of their use, are recorded as deferred revenue in the statements of financial position.

The Organization recognizes unconditional contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted contributions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization utilizes a five-step framework as identified in ASU No. 2014-09.

Special events revenue consists of a single performance obligation and revenue is recognized when the service is complete. Special events revenue is generally nonrefundable.

Special events revenue and timing of revenue recognition were as follows at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Special events revenue	\$ <u>211,263</u>	<u>34,643</u>	<u>114,217</u>

(g) Contributed Nonfinancial Assets

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. During the years ended December 31, 2025 and 2024, the value of these contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

(h) Subsequent Events

The Organization has evaluated events through the date of this report, which is the date the financial statements were available to be issued.

WAR CHILD USA, INC.
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(i) Expense Allocation

The Organization provides relief to people, particularly children, who are suffering as a result of war. All expenses related to providing these services have been allocated to program services with exception of certain administrative expenses. Management and director's fees are allocated among program and support services based on time and effort. Office and other expenses are allocated based on direct usage.

(j) Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Form 990's filed by the Organization are subject to examination by taxing authorities.

(3) Liquidity

The Organization has \$385,499 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and equivalents. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2025 statement of financial position.

(4) Investments and Fair Value Measurements

The cost and fair value of investments at December 31, 2024 was as follows:

	<u>Cost</u>	<u>Fair value</u>
Common stock	\$ <u>10,051</u>	<u>10,068</u>

WAR CHILD USA, INC.
Notes to Financial Statements, Continued

(4) Investments and Fair Value Measurements, Continued

A framework has been established 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 the 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 Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data through correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at 2024.

- Common stocks - Valued at the closing price reported on the active market on which the individual securities are traded.

The Organization's investments are classified as level 1 assets at December 31, 2024.

(5) Related Party Transactions

Related party transactions as of and for the years ended December 31, 2025 and 2024 were as follows:

(a) Due to Related Party

War Child Canada is a Canadian not-for-profit organization that shares common interests, and purposes with the Organization. War Child Canada will occasionally pay for administrative expenses on behalf of the Organization. At December 31, 2024, the amount due to War Child Canada was \$124,750.

At December 31, 2025, \$1,715 was due to a member of the Board of Directors.

WAR CHILD USA, INC.
Notes to Financial Statements, Continued

(5) Related Party Transactions, Continued

(b) Grants and Other Assistance and Program Activities

The Organization paid grants and other assistance expenses to War Child Canada in the amounts of \$562,300 and \$151,000 for the years ended December 31, 2025 and 2024, respectively.

The Organization paid program activities expenses to War Child Canada in the amount of \$201,818 and \$100,000 for the years ended December 31, 2025 and 2024, respectively.

(c) Management Fees

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. The Organization paid to War Child Canada management fees amounting to \$35,000 and \$32,300 for the years ended December 31, 2025 and 2024, respectively.

(6) Net Assets Released from Restrictions

Net assets released from restrictions by incurring expenses in satisfaction of program restrictions amounted to \$200,000 and \$110,000 for the years ended December 31, 2025 and 2024, respectively.