
Childhelp, Inc. and Affiliates

*Consolidated Financial Statements and
Independent Auditor's Report*

June 30, 2025 and 2024

redw
Advisors & CPAs

Childhelp, Inc. and Affiliates

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Independent Auditor's Report

The Board of Directors
Childhelp, Inc. and Affiliates
Scottsdale, Arizona

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Childhelp, Inc. and Affiliates (the "Organization") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

REDW LLC

Phoenix, Arizona
March 27, 2026

Consolidated Financial Statements

Childhelp, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 5,442,461	\$ 7,401,740
Restricted cash held for endowment	430,109	413,491
Accounts receivable, net	3,163,534	6,683,422
Contributions receivable, net	1,789,050	704,628
Other receivable	3,383,236	2,456,076
Prepaid expenses and other	1,609,321	1,395,223
Bequests receivable, net	2,785,125	2,790,904
Deposits and other assets	557,591	580,985
Assets held in trusts	1,854,424	2,045,250
Donated use of facility, utilities, and curriculum	674,557	1,311,084
Assets held for sale	2,000,000	2,000,000
Property and equipment, net	4,737,441	4,760,752
Operating lease assets, net	994,186	1,722,968
Total assets	\$ 29,421,035	\$ 34,266,523
Liabilities and Net Assets		
Accounts payable	\$ 1,332,860	\$ 3,641,756
Accrued expenses	3,107,443	3,391,649
Deferred revenues	4,600	37,226
Operating lease liability	1,047,643	1,781,551
Total liabilities	5,492,546	8,852,182
Net Assets		
Without donor restrictions	17,226,932	18,354,653
With donor restrictions	6,701,557	7,059,688
Total net assets	23,928,489	25,414,341
Total liabilities and net assets	\$ 29,421,035	\$ 34,266,523

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains, and Other Support			
Program income - federal, state, and local contracts	\$ 26,047,666	\$ -	\$ 26,047,666
Special events and chapter fundraising (net of direct donor expenses of \$2,904,996)	5,543,793	-	5,543,793
Foundations, corporations, individuals, and organizations	11,745,564	547,912	12,293,476
Contributed goods and services	3,365,942	-	3,365,942
Other, net	864,563	-	864,563
Change in value of assets held in trust	<u>(196,555)</u>	<u>-</u>	<u>(196,555)</u>
Total revenues, gains, and other support	47,370,973	547,912	47,918,885
Net assets released from restrictions	<u>906,043</u>	<u>(906,043)</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>48,277,016</u>	<u>(358,131)</u>	<u>47,918,885</u>
Functional Expenses, Gains and Losses			
Program services			
Residential treatment	11,686,939	-	11,686,939
Hotline	2,182,757	-	2,182,757
Public awareness and educational programs	4,727,755	-	4,727,755
Foster care	4,470,466	-	4,470,466
Advocacy/diagnostic services	6,612,192	-	6,612,192
Mental health	2,182,808	-	2,182,808
Relative caregiver	<u>3,383,047</u>	<u>-</u>	<u>3,383,047</u>
Total program services	<u>35,245,964</u>	<u>-</u>	<u>35,245,964</u>
Support services			
Management and general	8,462,513	-	8,462,513
Fundraising	<u>5,298,028</u>	<u>-</u>	<u>5,298,028</u>
Total support services	<u>13,760,541</u>	<u>-</u>	<u>13,760,541</u>
Total functional expenses	49,006,505	-	49,006,505
Losses			
Bad debt expense	<u>398,232</u>	<u>-</u>	<u>398,232</u>
Total functional expenses and net losses	<u>49,404,737</u>	<u>-</u>	<u>49,404,737</u>
Change in net assets	(1,127,721)	(358,131)	(1,485,852)
Net assets, beginning of year	<u>18,354,653</u>	<u>7,059,688</u>	<u>25,414,341</u>
Net assets, end of year	<u>\$ 17,226,932</u>	<u>\$ 6,701,557</u>	<u>\$ 23,928,489</u>

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains and Other Support			
Program income - federal, state, and local contracts	\$ 25,083,133	\$ -	\$ 25,083,133
Special events and chapter fundraising (net of direct donor expenses of \$2,996,595)	4,217,293	-	4,217,293
Foundations, corporations, individuals, and organizations	10,356,651	264,278	10,620,929
Contributed goods and services	2,956,111	-	2,956,111
Gain on sale of assets	23,442,056	-	23,442,056
Change in value of assets held in trust	213,494	-	213,494
Employee retention credit	10,151,527	-	10,151,527
Other	337,604	-	337,604
Total revenues, gains, and other support	<u>76,757,869</u>	<u>264,278</u>	<u>77,022,147</u>
Net assets released from restrictions	<u>1,129,227</u>	<u>(1,129,227)</u>	<u>-</u>
Total revenues, gains, and other support and net assets released from restrictions	<u>77,887,096</u>	<u>(864,949)</u>	<u>77,022,147</u>
Functional Expenses, Gains, and Losses			
Program services			
Residential treatment	12,029,190	-	12,029,190
Hotline	2,543,562	-	2,543,562
Public awareness and educational programs	4,902,704	-	4,902,704
Foster care	5,178,170	-	5,178,170
Advocacy/diagnostic services	6,154,526	-	6,154,526
Mental health	1,872,198	-	1,872,198
Relative caregiver	2,908,453	-	2,908,453
Total program services	<u>35,588,803</u>	<u>-</u>	<u>35,588,803</u>
Support services			
Management and general	8,952,662	-	8,952,662
Fundraising	4,930,846	-	4,930,846
Total support services	<u>13,883,508</u>	<u>-</u>	<u>13,883,508</u>
Total functional expenses	49,472,311	-	49,472,311
Losses			
Bad debt expense	740,249	-	740,249
Total functional expenses and net losses	<u>50,212,560</u>	<u>-</u>	<u>50,212,560</u>
Change in net assets	27,674,536	(864,949)	26,809,587
Net assets (deficit), beginning of year	<u>(9,319,883)</u>	<u>7,924,637</u>	<u>(1,395,246)</u>
Net assets, end of year	<u>\$ 18,354,653</u>	<u>\$ 7,059,688</u>	<u>\$ 25,414,341</u>

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services							Support Services			Total	
	Residential Treatment	Hotline	Public Awareness and Educational Programs	Foster Care	Advocacy/Diagnostic Services	Mental Health	Relative Caregiver	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries, benefits, and contract labor	\$ 9,184,383	\$ 1,634,988	\$ 1,502,927	\$ 1,752,760	\$ 2,529,356	\$ 1,830,729	\$ 2,041,785	\$ 20,476,928	\$ 5,480,101	\$ 2,208,739	\$ 7,688,840	\$ 28,165,768
Clothing/personal needs	54,566	-	201	40,283	6,256	7,101	402	108,809	121	16,257	16,378	125,187
Conferences/meetings	7,561	4,704	839	4,335	40,786	33,724	26,995	118,944	66,615	4,402	71,017	189,961
Dues/subscriptions	16,078	151,304	33,613	37,462	76,259	17,411	20,779	352,906	286,637	19,171	305,808	658,714
Food service	262,034	511	3,127	2,632	5,687	797	1,335	276,123	6,882	24,207	31,089	307,212
Foster care	-	-	-	2,001,837	-	-	37	2,001,874	-	6,722	6,722	2,008,596
Relative care	-	-	-	-	-	-	514,218	514,218	-	-	-	514,218
Gift in-kind expense	10,439	5,000	329	-	2,986,992	-	-	3,002,760	-	72,549	72,549	3,075,309
Insurance/taxes	826,208	243,244	87,604	170,267	222,203	120,678	226,797	1,897,001	209,199	113,328	322,527	2,219,528
Interest and bank fees	613	335	12	509	604	13	8	2,094	633,882	19,522	653,404	655,498
Licensing	35,239	1,898	2,206	5,565	4,421	5,490	1,613	56,432	18,482	3,473	21,955	78,387
Maintenance/repairs	348,680	151	1,115	13,529	71,358	10,318	23,068	468,219	4,560	22,143	26,703	494,922
Medical	100,181	-	-	-	7,479	-	-	107,660	-	-	-	107,660
Miscellaneous and other expenses	-	-	537	-	15	14	42	608	18,742	60,261	79,003	79,611
Postage	6,627	2,757	4,447	2,690	5,474	2,413	2,653	27,061	11,405	6,948	18,353	45,414
Printing/publishing	731	896	27,217	3,900	93,658	2,544	6,077	135,023	1,248	12,405	13,653	148,676
Professional services	13,175	53,515	2,766,026	54,269	73,596	31,665	43,718	3,035,964	1,112,920	2,489,127	3,602,047	6,638,011
Promotions	12,454	5,548	68,960	2,676	11,609	1,497	1,533	104,277	7,692	19,110	26,802	131,079
Recruiting	81	867	1,077	7,624	-	11,814	6,989	28,452	200,100	2,217	202,317	230,769
Recreation/special education	97,331	-	-	2,000	-	-	21,860	121,191	-	-	-	121,191
Rent	21,039	26,830	114,291	208,659	66,738	26,253	280,582	744,392	145,086	74,858	219,944	964,336
Supplies	23,810	31,200	7,622	10,362	75,390	45,435	14,560	208,379	84,632	31,314	115,946	324,325
Telephone/telecommunications	105,386	5,561	9,314	57,390	109,064	12,706	56,665	356,086	70,786	23,512	94,298	450,384
Travel/automobile	59,749	7,274	61,328	68,787	49,091	11,717	78,144	336,090	64,216	96,823	161,039	497,129
Utilities	241,039	178	2,377	4,305	10,629	4,450	2,094	265,072	6,301	8,153	14,454	279,526
Depreciation and amortization	248,894	5,175	24,057	16,090	154,140	5,175	9,980	463,511	24,245	7,338	31,583	495,094
Special event expense	10,641	821	8,529	2,535	11,387	864	1,113	35,890	8,661	2,860,445	2,869,106	2,904,996
Bad debt expense	-	-	-	-	-	-	-	-	398,232	-	398,232	398,232
Total functional expenses	11,686,939	2,182,757	4,727,755	4,470,466	6,612,192	2,182,808	3,383,047	35,245,964	8,860,745	8,203,024	17,063,769	52,309,733
Less direct donor expenses	-	-	-	-	-	-	-	-	-	(2,904,996)	(2,904,996)	(2,904,996)
Total functional expenses net of direct donor benefits	11,686,939	2,182,757	4,727,755	4,470,466	6,612,192	2,182,808	3,383,047	35,245,964	8,860,745	5,298,028	14,158,773	49,404,737
Less provision for credit losses	-	-	-	-	-	-	-	-	(398,232)	-	(398,232)	(398,232)
Total functional expenses as shown on the consolidated statement of activities and changes in net assets	11,686,939	2,182,757	4,727,755	4,470,466	6,612,192	2,182,808	3,383,047	35,245,964	8,462,513	5,298,028	13,760,541	49,006,505
Total functional expenses	\$ 11,686,939	\$ 2,182,757	\$ 4,727,755	\$ 4,470,466	\$ 6,612,192	\$ 2,182,808	\$ 3,383,047	\$ 35,245,964	\$ 8,462,513	\$ 5,298,028	\$ 13,760,541	\$ 49,006,505

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services								Support Services			Total
	Residential Treatment	Hotline	Public Awareness and Educational Programs	Foster Care	Advocacy/Diagnostic Services	Mental Health	Relative Caregiver	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries, benefits, and contract labor	\$ 9,354,967	\$ 1,615,004	\$ 1,732,231	\$ 1,935,058	\$ 2,170,476	\$ 1,448,107	\$ 1,682,877	\$ 19,938,720	\$ 5,453,025	\$ 2,118,698	\$ 7,571,723	\$ 27,510,443
Clothing/personal needs	35,363	700	-	88,680	25,256	523	4,926	155,448	36	1,050	1,086	156,534
Conferences/meetings	13,047	2,297	3,250	5,947	32,615	23,435	27,883	108,474	54,606	7,435	62,041	170,515
Dues/subscriptions	18,561	80,407	52,336	49,152	34,090	15,600	26,473	276,619	192,535	50,926	243,461	520,080
Food service	251,193	452	4,469	5,721	6,297	2,473	1,875	272,480	9,424	5,275	14,699	287,179
Foster care	-	-	-	2,232,169	-	-	-	2,232,169	-	-	-	2,232,169
Relative care	-	-	-	-	-	-	465,986	465,986	-	-	-	465,986
Gift in-kind expense	31,112	-	21,075	4,732	2,702,367	-	2,884	2,762,170	-	63,431	63,431	2,825,601
Insurance/taxes	600,471	221,310	109,768	187,046	229,679	149,235	189,356	1,686,865	356,781	142,732	499,513	2,186,378
Interest and bank fees	312,898	87,096	86,637	86,897	192,823	86,731	87,113	940,195	1,081,009	122,389	1,203,398	2,143,593
Licensing	15,458	110	126	10,438	647	1,767	110	28,656	4,548	185	4,733	33,389
Maintenance/repairs	348,293	837	1,711	35,510	55,754	11,009	33,211	486,325	9,737	8,333	18,070	504,395
Medical	142,099	-	-	5,302	-	-	-	147,401	-	-	-	147,401
Miscellaneous and other expenses	1,873	1,467	2,977	12,269	4,993	1,467	1,468	26,514	9,918	3,687	13,605	40,119
Postage	5,017	4,066	3,094	2,533	3,511	1,524	1,729	21,474	10,386	8,408	18,794	40,268
Printing/publishing	4,931	338	5,322	2,673	85,575	853	3,888	103,580	6,885	12,585	19,470	123,050
Professional services	18,034	235,945	2,574,403	62,761	93,223	20,534	11,576	3,016,476	1,095,355	2,218,309	3,313,664	6,330,140
Promotions	6,034	214,064	83,387	6,187	16,630	-	-	326,302	-	3,773	3,773	330,075
Recruiting	3,228	1,421	17,868	7,645	31,206	19,304	88	80,760	302,590	19,064	321,654	402,414
Recreation/special education	95,639	-	-	2,595	-	-	10,989	109,223	-	-	-	109,223
Rent	891	41,896	106,773	252,611	51,851	32,566	196,988	683,576	189,319	81,478	270,797	954,373
Supplies	35,556	4,281	7,893	25,260	59,503	22,492	48,146	203,131	62,415	14,314	76,729	279,860
Telephone/telecommunications	145,280	5,388	6,413	55,998	109,602	12,170	32,255	367,106	22,139	19,010	41,149	408,255
Travel/automobile	56,897	17,432	49,270	68,046	42,570	7,109	67,839	309,163	34,094	78,305	112,399	421,562
Utilities	260,178	220	2,372	12,923	11,081	3,932	1,155	291,861	7,271	7,108	14,379	306,240
Depreciation and amortization	254,783	7,164	11,948	14,858	185,000	9,775	7,346	490,874	41,118	10,577	51,695	542,569
Special event expense	17,387	1,667	19,381	10,461	4,475	1,592	2,292	57,255	9,471	2,930,369	2,939,840	2,997,095
Bad debt expense	-	-	-	-	-	-	-	-	740,249	-	740,249	740,249
Total functional expenses	12,029,190	2,543,562	4,902,704	5,178,170	6,154,526	1,872,198	2,908,453	35,588,803	9,692,911	7,927,441	17,620,352	53,209,155
Less direct donor expenses	-	-	-	-	-	-	-	-	-	(2,996,595)	(2,996,595)	(2,996,595)
Total functional expenses net of direct donor benefits	12,029,190	2,543,562	4,902,704	5,178,170	6,154,526	1,872,198	2,908,453	35,588,803	9,692,911	4,930,846	14,623,757	50,212,560
Less provision for credit losses	-	-	-	-	-	-	-	-	(740,249)	-	(740,249)	(740,249)
Total functional expenses as shown on the consolidated statement of activities and changes in net assets	12,029,190	2,543,562	4,902,704	5,178,170	6,154,526	1,872,198	2,908,453	35,588,803	8,952,662	4,930,846	13,883,508	49,472,311
Total functional expenses	\$ 12,029,190	\$ 2,543,562	\$ 4,902,704	\$ 5,178,170	\$ 6,154,526	\$ 1,872,198	\$ 2,908,453	\$ 35,588,803	\$ 8,952,662	\$ 4,930,846	\$ 13,883,508	\$ 49,472,311

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (1,485,852)	\$ 26,809,587
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Bad debt expense	398,232	740,249
Depreciation and amortization on property and equipment	495,094	542,569
Loss on disposal of property and equipment	116,956	-
Amortization on right-of-use operating lease assets	728,782	753,101
Amortization of loan fees	-	175,457
Change in value of assets held in trust	190,826	(19,054)
Bequests receivable	5,779	(75,802)
Amortization of facility rent receivable	636,527	600,641
Gain on sale of assets	-	(23,442,056)
Changes in operating assets and liabilities		
Accounts receivable	3,121,656	(2,909,080)
Contributions receivable	(1,084,422)	499,000
Other receivable	(927,160)	(603,222)
Prepaid expenses and other	(214,098)	(738,648)
Deposits and other assets	23,394	227,752
Accounts payable	(2,308,896)	2,516,346
Accrued expenses	(284,206)	(160,865)
Deferred revenues	(32,626)	(50,052)
Operating lease liability	(733,908)	(712,920)
Net cash (used in) provided by operating activities	(1,353,922)	4,153,003
Cash flows from investing activities		
Purchase of property and equipment	(588,739)	(361,305)
Proceeds from sale of property and equipment	-	26,703,101
Net cash (used in) provided by investing activities	(588,739)	26,341,796
Cash flows from financing activities		
Net decrease in line of credit	-	(7,460,101)
Principal payments on notes payable	-	(18,785,703)
Net cash used in financing activities	-	(26,245,804)
Net change in cash, cash equivalents, and restricted cash	(1,942,661)	4,248,995
Cash, and cash equivalents, and restricted cash, beginning of year	7,815,231	3,566,236
Cash, and cash equivalents, and restricted cash, end of year	\$ 5,872,570	\$ 7,815,231

The accompanying notes are an integral part of these consolidated financial statements.

Childhelp, Inc. and Affiliates
Consolidated Statements of Cash Flows – continued
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash, cash equivalents, and restricted cash, consisted of the following		
Cash and cash equivalents	\$ 5,442,461	\$ 7,401,740
Restricted cash held for endowment	430,109	413,491
Cash and cash equivalents - end of year	\$ 5,872,570	\$ 7,815,231
 Supplemental cash flow information and noncash activity		
Cash paid during the year for interest	\$ -	\$ 335,677
Operating lease right-of-use asset obtained in exchange for lease liability	\$ -	\$ 553,161

The accompanying notes are an integral part of these consolidated financial statements.

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1) Organization

Childhelp, Inc. (Childhelp, a registered name used throughout, or the Organization) is a California nonprofit corporation. During fiscal year 2025, Childhelp administers programs and services in all 50 states, and its facilities were strategically located in Arizona, California, Tennessee, and Virginia.

Childhelp is the largest, longest-running national nonprofit dedicated to the intervention, treatment, and prevention of child abuse. Childhelp exists to meet the physical, emotional, educational, and spiritual needs of abused, neglected and at-risk children. Through a multidisciplinary network of child-centered programs and services, a child who has survived abuse is medically supervised to heal physically, encouraged to regain trust, taught to develop self-esteem through a gentle therapeutic process, tutored to progress educationally, nurtured to recover psychologically, and supported to reach his/her limitless potential.

Outreach initiatives offer low-income, at-risk families abuse prevention support to enhance family resiliency. Through Childhelp Speak Up Be Safe for Students and Athletes, the organization is blanketing the nation with research-based prevention education programs that reach children in schools and on the sports field. These lifesaving tools not only prevent students from being victimized but empower families to create safer communities for their children.

A child in crisis, survivor in need of services or anyone concerned about abuse in their region has access to the Childhelp National Child Abuse Hotline, a 24-hour, 7 day a week service staffed exclusively with degreed crisis counselors. 1-800-4-A-CHILD offers translation in over 580 languages because Childhelp believes every child deserves to have his/her voice heard. The hotline expands to Guam, Canada, and all U.S. territories. Newly launched text and chat services offer an even greater chance for connectivity and support.

A child that has been rescued from an abusive situation is offered a host of healing options through Childhelp's treatment centers. A Childhelp Children's Advocacy Center is a one-stop shop for the prosecution of child abuse staffed with medical personnel, law enforcement, prosecution, social service agencies and counselors all working in unison to prosecute predators and restore health and happiness to survivors.

Childhelp offers safe haven through group homes, therapeutic foster care, relative caregiver and adoption. Some of the most severely abused children in the country come to the Childhelp Residential Treatment Village to heal. An onsite nonpublic school ensures that even the most neglected child gets back to an appropriate grade level. This 24-hour care facility located in an idyllic country setting employ art and equine therapy along with traditional talk therapy to break through walls of abuse and offer a bright view of the future.

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Brick and mortar programs are strategically located in California, Tennessee, Arizona, and Virginia while the Childhelp National Child Abuse Hotline, legislative work, and prevention education initiatives impact all 50 states. Childhelp Chapters and the Childhelp Wings parent/child collectively mobilize volunteers throughout the country who support the Childhelp philosophy that every child deserves a childhood free from abuse and a future filled with hope.

Affiliated organizations (the “Affiliates”) include, Childhelp Foundation, Childhelp Lifeline Empowerment Trust, and Childhelp Arizona, LLC to carry out programs that complement the activities of Childhelp. The activities of these affiliated organizations have been consolidated with those of Childhelp. There was no financial activity for any of the Affiliates during the years ended June 30, 2025 and 2024. If there had been activity, then all inter-company transactions and balances would have been eliminated in consolidation.

Program Service Accomplishments

With over 13 million children helped since its inception, during the fiscal years ended 2025 and 2024 Childhelp helped approximately 441,000 and 319,000 children, including those who were the victims of severe emotional, physical, and sexual abuse, parental neglect, bullying, and countless other crimes against children. Through advocacy centers, residential treatment facilities, foster care, relative caregiver and adoption programs, community outreach and the national hotline, Childhelp offers multidisciplinary advocacy for at-risk populations. The school and athletic-based prevention curricula, Childhelp Speak Up Be Safe and Childhelp Speak Up Be Safe for Athletes, continue to empower youth nationwide through prevention education. For the year ended June 30, 2025 and 2024, for each dollar expended, over 72 cents are invested into serving the children in need of our program services using approximately 17 cents and 18 cents for administration and approximately 11 cents and 10 cents for fundraising, respectively.

Subsequent Events

Subsequent to year-end, Childhelp received a donation of approximately 33 acres of land located in Carefree, Arizona. The land was appraised at an estimated fair value of \$4,200,000. Management is evaluating plans for the property. Management has evaluated subsequent events through March 26, 2026, the date the consolidated financial statements were available to be issued.

2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit organizations. The Organization is required to report information regarding its net assets and activities according to two classes of net assets based upon the existence or absence of

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restrictions on use that are placed by donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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 those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Nonoperating activities include gains on the sale of assets, provisions for credit losses, settlements, and other losses.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Childhelp considers money market funds and short-term investments purchased with an original maturity less than ninety days to be cash equivalents. The Organization maintains all of its cash and temporary investments in several commercial banks.

Contributions

Unrestricted contributions and contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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Contributions, including unconditional promises to give, that are expected to be collected within one year are recorded as support at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded as a contribution receivable at the present value of their estimated future cash flow. The discounts on those amounts are computed using interest rates commensurate with the risks involved applicable to the years in which the promises are received. As of June 30, 2025 and 2024, management believes all contributions receivable are collectible within 12 months of year-end.

Conditional promises to give, bequests, and grants are not included as support until the conditions are substantially met. The amount of conditional promises outstanding and not recorded at June 30, 2025 and 2024, was approximately \$1,104,000 and \$5,903,000, respectively.

Contributed Goods and Services

The value of significant contributed goods and services is reflected as contributions in the accompanying consolidated financial statements and are recorded at the fair value of such goods and services at the date of the donations.

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition to contributed goods and services meeting the aforementioned criteria and that have been recorded in the accompanying consolidated financial statements, Childhelp receives significant amounts of contributed time from volunteers that do not meet the recognition criteria described above. As such, the value of this contributed time has not been determined and is not reflected in the accompanying consolidated financial statements.

Program Income

Program service revenues consist of governmental reimbursements at contracted rates for residential treatment-based programs. Program service fees are recognized when earned. Monies received in advance of being earned are recognized as deferred revenue.

Accounts Receivable

Accounts receivable are uncollateralized receivables generated from providing program services based on contractual arrangements with state and local agencies and are stated at the invoice amount and are due upon presentation.

The Organization adopted Accounting Standards Update (ASU) 326, *Credit Losses*, on July 1, 2023. The Organization's adoption of this standard introduces a more structured framework for estimating expected credit losses on financial instruments, such as trade accounts receivables. The adoption of this standard via the modified retrospective approach did not result in a significant change to current or prior-period amounts or related disclosures.

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The Organization provides an allowance for credit losses for accounts with invoices over 150 days. The carrying amount of accounts receivable is reduced by a valuation credit loss allowance that reflects management's best estimate of amounts that will not be collected. The allowance for credit losses is based on management's assessment of the collectability of specific accounts and the aging of the accounts receivable. If there is a deterioration of the credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due Childhelp could be adversely affected. All accounts or portions thereof deemed to be uncollectible or require an excessive collection effort are written off to the allowance for credit losses.

Beneficial Interests in Assets Held in Trusts

Childhelp receives contributions of investment assets in which Childhelp retains an interest. The assets are invested and administered by unrelated trustees and community foundations, and distributions are made to Childhelp. These funds are primarily invested in debt and equity securities, and Childhelp records its interest at the fair value of the assets which are actively traded on exchanges. Initial recognition and subsequent adjustments to the assets' carrying value are recognized as bequest and trust contributions and change in value of beneficial interest in assets held in trust, respectively. The beneficial interest trusts are classified as net assets with donor restrictions or without donor restrictions, depending on donor-imposed purpose and time restrictions, if any.

Property and Equipment

Property and equipment acquisitions in excess of \$2,000 are initially recorded at cost and donated property and equipment are recorded at fair value at the date of gift. Depreciation is provided using the straight-line method over their respective estimated useful lives, which range from 3 to 40 years.

Copyrights and trademarks are amortized using the straight-line method over their estimated useful lives of seven years.

Impairment of Long-Lived Assets

Childhelp reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

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Deferred Financing Costs

Financing costs are amortized over the life of the related credit facilities to interest expense. Amortization of loan fees included in interest expense was \$175,457 for the year ended June 30, 2024. There were no remaining unamortized deferred financing costs as of June 30, 2024.

Expense Allocation

Expenses that can be specifically identified with a particular program or supporting service are charged directly to the related program or supporting service. Expenses, primarily salaries and benefits, which are associated with more than one program or supporting service are allocated based on an evaluation by Childhelp's management which is based on time studies, square footage, and other rational allocation methodologies. Other expenses that are subject to allocations are professional services, allocated using time studies, and rent, allocated using square footage and time studies.

CARES Act

On March 28, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act to fight the COVID and stimulate the U.S. economy, including the Employee Retention Credits. The Organization amended their payroll tax reports to claim the Employee Retention Credits under the CARES Act as a refundable tax credit. The refundable credit of approximately \$10,152,000 received during the year ended June 30, 2024, was included in revenues, gains and other support on the accompanying consolidated statement of activities and changes in net assets.

Advertising

Advertising costs are expensed as incurred.

Leases

The Organization recognizes leases in accordance with ASU 2016-02, *Leases* (Topic 842), in which the Organization determines whether an arrangement is or contains a lease at contract inception. The lease classification evaluation begins at the lease commencement date. The lease term used in the evaluation includes the noncancellable period for which the Organization has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain.

Total rent payable is recorded during the lease term, including rent escalations in which the amount of future rent is fixed on the straight-line basis over the term of the lease (including the rent holiday period beginning upon control of the premises and any fixed payments stated in the lease). For leases with an initial term greater than 12 months, a related lease liability is recorded on the consolidated statement of financial position at the present value of future payments discounted at either the implicit rate of the contract, the estimated fully collateralized incremental borrowing rate, or the risk-free rate (discount rate) corresponding with the lease term. In addition, a right-of-use asset is recorded as the initial amount of the lease liability, plus any lease payments made to the lessor before or at the lease commencement date and any initial direct costs incurred.

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Certain leases contain provisions that require payment of common area maintenance costs, real estate taxes, and insurance related to leases (variable lease cost). The Organization separates lease and non-lease components. Variable lease costs are expensed as incurred.

Leases with an initial term of 12 months or less (short-term leases) are not recorded on the consolidated statements of financial position. Short-term lease expense is recognized on a straight-line basis over the lease term.

Income Taxes

Childhelp has received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a).

Income determined to be unrelated business taxable income (UBTI) would be taxable.

3) Liquidity and Availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing activities to be general expenses. The following table reflects the Organization's financial assets of June 30, 2025, available to meet general expenses within one year of the consolidated statement of financial position date.

Financial assets	
Cash and cash equivalents	\$ 5,442,461
Accounts receivable, net	3,163,534
Contributions receivable, net	1,789,050
Bequests receivable, net	2,785,125
Assets held in trust	1,854,424
Donated use of facility, utilities, and curriculum	<u>674,557</u>
Total financial assets	15,709,151
Less net assets with donor restrictions	<u>(6,701,557)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 9,007,594</u>

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Childhelp receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenses. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Childhelp has a liquidity approach to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a target for year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenses. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually. During the year ended June 30, 2025, the level of liquidity and reserves was managed within the liquidity targets.

4) Accounts Receivable

The beginning and ending balances of accounts receivable and allowance for credit loss were as follows at June 30:

	2025	2024	2023
Accounts receivable	\$ 3,708,351	\$ 7,569,197	\$ 4,822,845
Allowance for credit losses	<u>(544,817)</u>	<u>(885,775)</u>	<u>(308,254)</u>
Accounts receivable, net	<u>\$ 3,163,534</u>	<u>\$ 6,683,422</u>	<u>\$ 4,514,591</u>

5) Other Receivable

Since 2019 Childhelp has been receiving in-kind pledges from a 3rd party company to provide backpacks on demand for Childhelp to deliver to Children in need. The 3rd party company solicits donors to purchase a backpack that will then be donated to Childhelp on behalf of the 3rd party company.

As of June 30, 2025 and 2024, Childhelp has \$3,383,236 and \$2,456,076, respectively, in backpacks receivable recorded in other receivable on the consolidated statements of financial position. For the years ended June 30, 2025 and 2024, Childhelp received \$966,910 and \$645,372, respectively, of in-kind pledges for backpacks and supplied \$39,750 and \$42,150 worth of backpacks to children in need, included as in-kind expense on the accompanying statement of activities.

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6) Bequests Receivable

Bequests receivable consist of three bequests totaling approximately \$3,095,000 and \$3,101,000 at June 30, 2025 and 2024, respectively, and are recorded at net present value. During the years ended June 30, 2025 and 2024, Childhelp received \$0 in cash flow from these bequests. An allowance for credit losses has been established based on management’s assessment of the collectability and aging of the bequests of approximately \$310,000, as of June 30, 2025 and 2024.

7) Assets Held in Trusts

Childhelp has been named a remainder beneficiary of two trusts held by a third-party. Under the term of these trusts, Childhelp has the irrevocable right to receive all assets remaining in the trusts after the death of the life income beneficiaries.

Childhelp also has been named in a trust held in perpetuity for which Childhelp has a one sixth interest in the income received from the trust’s assets. The trust is held by an unrelated third-party trustee and Childhelp is entitled to its proportionate share of the annual income distribution.

The beneficial interests in the trusts are recorded at the fair value of the assets expected to be received by the trusts as of June 30, 2025 and 2024, as follows:

	2025	2024
Remainder trust held by a third party	\$ 866,711	\$ 1,097,351
Perpetual trust	987,713	947,899
Total	\$ 1,854,424	\$ 2,045,250

8) Fair Value of Financial Instruments

In determining fair value, Childhelp uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

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The framework defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

A description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation framework follows:

Assets Held in Perpetual and Remainder Trusts

The value of the beneficial interest agreements are recorded at the fair value of the investments which are held by third-party trustees and then adjusted for Childhelp's interest in the assets. These trusts are classified within the Level 2 of the valuation hierarchy.

The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Beneficial interest in remainder trusts	\$ -	\$ 866,711	\$ -	\$ 866,711
Perpetual trust	-	987,713	-	987,713
Total	<u>\$ -</u>	<u>\$ 1,854,424</u>	<u>\$ -</u>	<u>\$ 1,854,424</u>

The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Beneficial interest in remainder trusts	\$ -	\$ 1,097,351	\$ -	\$ 1,097,351
Perpetual trust	-	947,899	-	947,899
Total	<u>\$ -</u>	<u>\$ 2,045,250</u>	<u>\$ -</u>	<u>\$ 2,045,250</u>

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9) Property and Equipment

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 631,120	\$ 604,125
Building and improvements	12,300,282	12,031,012
Furniture, fixtures, and equipment	3,127,320	2,975,063
Vehicles	575,795	550,795
Construction in progress	47,500	49,240
Copyrights/trademark	449,364	449,364
Total	17,131,381	16,659,599
Less accumulated depreciation and amortization	(12,393,940)	(11,898,847)
Property and equipment, net	\$ 4,737,441	\$ 4,760,752

Total depreciation and amortization expense was \$495,094 and \$542,569 for the years ended June 30, 2025 and 2024, respectively.

10) Assets Held for Sale

During the year ended June 30, 2024, Childhelp sold approximately 70 acres of undeveloped land and the Merv Griggin Village in Beaumont, California with a total book value of approximately \$3,342,000. The sale of the Beaumont operations and undeveloped land yielded a gain of approximately \$23,442,000 included in support and revenues on the accompanying consolidated statement of activities and changes in net assets. The funds were used to pay off all of the Organization's notes payable. As of June 30, 2025 and 2024, Childhelp had approximately 90 acres of undeveloped land in Carefree, Arizona for sale with a total book value of \$2,000,000.

11) Line of Credit

Effective July 24, 2018, Childhelp entered into a \$7,500,000 revolving line of credit with a bank that accrues interest on any outstanding advances at a variable rate of prime plus 0.025%. The line of credit contained a provision for an automatic renewal. On October 24, 2021, the line of credit was formally renewed on essentially the same terms and conditions and extending the maturity date to July 24, 2024. The credit line was secured by deeds of trust on real property, assignment of rents, and assignment of depository accounts. As of June 30, 2024, the line of credit was fully repaid and closed.

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12) Related Party Notes Payable

During the year ended June 30, 2023, Childhelp entered into notes payable to related parties with fixed interest rates ranging from 0% - 7%. The original amounts totaled \$5,400,000 and were payable on demand. As of June 30, 2025, the related party notes payable were paid in full.

13) Leases

The Organization leases facilities, vehicles, and equipment from third parties under long-term and short-term lease arrangements, which are recognized in accordance with Topic 842.

The components of lease costs consisted of the following for the year ended June 30:

	2025	2024
Operating lease costs		
Fixed lease costs	\$ 762,159	\$ 788,010
Variable lease costs	102,545	80,910
Short-term lease costs	99,632	85,453
Total lease costs	\$ 964,336	\$ 954,373

A summary of the weighted-average lease term and discount rate for operating leases as of June 30, 2025, is as follows:

- Weighted-average remaining lease term (in years): 3.26
- Weighted-average discount rate: 5.18%

Future minimum lease payments for the operating lease liability as of June 30, 2025, consisted of the following:

Year ending June 30,	
2026	\$ 439,195
2027	365,023
2028	217,511
2029	92,970
2030	15,571
Total lease payments	1,130,270
Less imputed interest	(82,627)
Total lease obligations	\$ 1,047,643

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14) Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2025	2024
Subject to expenses for specified purpose		
Capital expenditures	\$ 346,233	\$ 266,233
Residential treatment program	234,363	143,285
Education and prevention programs	406,754	102,932
Total	987,350	512,450
Subject to the passage of time		
Assets held in external remainder trust not held by Childhelp	866,712	1,097,351
Time restricted including donated office space and curriculum	674,557	1,311,084
Bequest receivables	2,785,225	2,790,904
Total	4,326,494	5,199,339
Donor-restricted endowment funds		
Perpetual trust corpus not held by Childhelp	987,713	947,899
Bluth endowment	250,000	250,000
Hotline endowment	150,000	150,000
Total donor-restricted endowment funds corpus	1,387,713	1,347,899
Total net assets with donor restrictions	\$ 6,701,557	\$ 7,059,688

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2025	2024
Capital expenditures	\$ 45,000	\$ 332,197
Residential treatment program	8,922	184,537
Education and prevention programs	215,594	11,852
Time restricted including donated office space	636,527	600,641
Total	\$ 906,043	\$ 1,129,227

Endowments

Childhelp's endowment funds consist of several individual funds established for general program purposes. The income earned on the endowment is available for general program purposes. Its endowment includes only donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and are reported entirely as net assets with donor restrictions. All realized investment income is expended in unrestricted net assets.

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The board of directors of Childhelp has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Childhelp retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the endowments and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by SPMIFA. Childhelp 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 the organization and the donor-restricted endowment fund
- The possible effects of market volatility
- The expected total return from income and the appreciation of investments
- The investment policies of the Organization

As of June 30, 2025, Childhelp had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Perpetual trust not held by Childhelp	\$ -	\$ 987,713	\$ 987,713
Bluth endowment	-	250,000	250,000
Hotline endowment	-	150,000	150,000
Total	<u>\$ -</u>	<u>\$ 1,387,713</u>	<u>\$ 1,387,713</u>

As of June 30, 2024, Childhelp had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Perpetual trust not held by Childhelp	\$ -	\$ 947,899	\$ 947,899
Bluth endowment	-	250,000	250,000
Hotline endowment	-	150,000	150,000
Total	<u>\$ -</u>	<u>\$ 1,347,899</u>	<u>\$ 1,347,899</u>

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Investment and Spending Policies

Childhelp has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Under this policy the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, Childhelp relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Childhelp targets a diversified asset allocation that consists of equity-based investments and fixed-income funds.

Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - June 30, 2024	\$ -	\$ 1,347,899	\$ 1,347,899
Endowment contribution investment return			
Dividends and interest income	-	182,753	182,753
Distributions	-	(137,614)	(137,614)
Net depreciation (realized and unrealized)	-	(5,325)	(5,325)
Endowment net assets - June 30, 2025	<u>\$ -</u>	<u>\$ 1,387,713</u>	<u>\$ 1,387,713</u>

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - June 30, 2023	\$ -	\$ 1,306,574	\$ 1,306,574
Endowment contribution investment return			
Dividends and interest income	-	17,892	17,892
Distributions	-	(69,934)	(69,934)
Net appreciation (realized and unrealized)	-	93,367	93,367
Endowment net assets - June 30, 2024	<u>\$ -</u>	<u>\$ 1,347,899</u>	<u>\$ 1,347,899</u>

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15) Contributed Goods and Services

For the years ended June 30, 2025 and 2024, contributed goods and services recognized within the consolidated statement of activities included:

	2025	2024	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
Medical services	\$ 2,273,564	\$ 2,006,367	Children's Advocacy and Medical Care	No associated Donor restrictions	Contributed medical services are valued using the fair market value provided by the donor.
Rent	74,733	95,359	Children's Advocacy and Medical Care	No associated Donor restrictions	In valuing the contributed building rent, which is located in the Phoenix Metropolitan Area, Childhelp estimated the fair value based on the rental rates of comparable buildings in the Phoenix Metropolitan Area.
Backpacks, toys, clothing, and other child related needs			Residential Treatment Village and Children's Advocacy and Medical Care	No associated Donor restrictions	Childhelp estimated the fair value on the basis of estimates of wholesale values that would be paid for purchasing similar products.
	<u>1,017,645</u>	<u>854,385</u>			
Total contributed goods and services	<u>\$ 3,365,942</u>	<u>\$ 2,956,111</u>			

The changes in the donated facility space receivable and associated discount for the year ended June 30, 2025 and 2024, follows:

	Donated Facility Space Receivable	Unamortized Discount	Net Receivable
Balance at June 30, 2023	\$ 2,088,001	\$ (176,276)	\$ 1,911,725
In-kind rent expense	(696,000)	-	(696,000)
Amortization of discount - contributed good and services	-	95,359	95,359
Balance at June 30, 2024	1,392,001	(80,917)	1,311,084
In-kind rent expense	(711,260)	-	(711,260)
Amortization of discount - contributed good and services	-	74,733	74,733
Balance at June 30, 2025	<u>\$ 680,741</u>	<u>\$ (6,184)</u>	<u>\$ 674,557</u>
Amounts due in			
Less than one year	\$ 674,557		
Over one year	-		
Total	<u>\$ 674,557</u>		

16) Defined Contribution Plans

Childhelp sponsors defined contribution plans that cover employees who meet each plan's eligibility requirements. Childhelp contributed \$0 to the plans in total during the years ended June 30, 2025 and 2024.

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17) Related-Party Transactions

During the years ended June 30, 2025 and 2024, Childhelp had the following related-party transactions:

- The board of directors' members provided approximately \$1,180,000 and \$1,106,000, respectively, in contributions and bequests to Childhelp.
- Insurance and benefits transactions totaling approximately \$1,926,000 and \$1,490,000, respectively, pertaining to various insurance policies were paid to companies whose principal is a member of the board of directors for Childhelp. Commissions paid under these policies were subsequently contributed back to Childhelp and are included in the board of directors' contributions.

18) Concentrations

Credit Risk

Financial instruments that potentially subject Childhelp to concentrations of credit risk consist principally of cash and accounts receivable. Childhelp places its cash with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. At various times throughout the year, the Organization's cash balances may exceed the federally insured limits. Management believes there are no unusual risks associated with the current depository institutions. Approximately 14% and 46% of revenues, gain and other support was derived from agencies of several different federal, state, and county sources for the years ended June 30, 2025 and 2024.

19) Contingencies, Risks, and Uncertainties

Legal Matters

In the ordinary course of business, Childhelp is subject to certain lawsuits and other potential legal actions, including class actions pertaining to wage and hour claims in the state of California. In the opinion of management and outside counsel, such matters will not have a material adverse effect on the financial position, changes in net assets and net assets of Childhelp.

Grants

Childhelp participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits or reviews. Accordingly, Childhelp's compliance with applicable grant or contract requirements may be established at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies are determined upon the completion of audits or reviews.

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20) Management Agreement with Rite of Passage, Inc.

Effective July 1, 2023, the Company entered into a management agreement with Rite of Passage, Inc. to provide operational support to the Alice C. Tyler Village of Childhelp, located in Lignum, VA. The term of the agreement is for five years with an option to extend for two additional terms of five years each. Under the terms of the agreement, the Organization is obligated to pay Rite of Passage, Inc. an operating service fee of 15% of revenue derived from services provided at the facility. During the years ended June 30, 2025 and 2024, the total expense recognized under this management agreement amounted to approximately \$2,028,000 and \$1,924,000, respectively. This expense is classified and included within salaries, benefits and contract labor expense on the consolidated statements of functional expenses.