

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

Consolidating Financial Statements

December 31, 2019 and 2018



# RJSacco & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

300 Carnegie Center, Suite 240, Princeton, NJ 08540

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of Children of Armenia Fund, Inc. (a nonprofit corporation) and Subsidiary which comprise the statement of financial positions as of December 31, 2019 and 2018 and the related consolidating statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We did not audit the financial statements of COAF Armenia, a foreign wholly-owned subsidiary, which statements reflect total assets of \$6,040,367 and \$5,809,017 as of December 31, 2019 and 2018, respectively, and total support and revenues of \$2,739,843 and \$2,095,373 for the respective years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for COAF Armenia, is based solely on the reports of the other auditors. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the consolidating financial statements.

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Children of Armenia Fund, Inc. and Subsidiary as of December 31, 2019 and 2018 and the changes in their net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Princeton, NJ  
September 22, 2020

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY

December 31, 2019 and 2018

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CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY  
Consolidating Statements of Financial Position

December 31, 2019 and 2018

	2019			2018				
	COAF US	COAF Armenia	Eliminations	Consolidated	COAF US	COAF Armenia	Eliminations	Consolidated
<b>Assets</b>								
Cash and cash equivalents	\$ 1,561,532	\$ 93,975	\$ -	\$ 1,655,507	\$ 1,121,216	\$ 112,380	\$ -	\$ 1,233,596
Unconditional promises to give								
Without donor restrictions	4,043,080	-	-	4,043,080	2,680,459	-	-	2,680,459
Restricted for specific projects	-	-	-	-	550,000	-	-	550,000
Other current assets	7,798	128,176	-	135,974	4,261	72,886	-	77,147
Total current assets	5,612,410	222,151	-	5,834,561	4,355,936	185,266	-	4,541,202
Property and equipment - net	-	5,719,056	-	5,719,056	-	5,623,553	-	5,623,553
Long-term investments	1,255,446	75,047	-	1,330,493	122,473	-	-	122,473
Intangible assets - net	-	24,113	-	24,113	-	198	-	198
Total other assets	1,255,446	99,160	-	1,354,606	122,473	198	-	122,671
Total assets	\$ 6,867,856	\$ 6,040,367	\$ -	\$ 12,908,223	\$ 4,478,409	\$ 5,809,017	\$ -	\$ 10,287,426
<b>Liabilities and net assets</b>								
Accounts payable and accrued expenses	\$ 31,157	\$ 168,247	\$ -	\$ 199,404	\$ 90,379	\$ 95,971	\$ -	\$ 186,350
Grants received and deferred income	-	5,872,120	-	5,872,120	-	5,675,113	-	5,675,113
Total liabilities	31,157	6,040,367	-	6,071,524	90,379	5,771,084	-	5,861,463
Net assets								
Without donor restrictions	6,836,699	-	-	6,836,699	3,838,030	37,933	-	3,875,963
With donor restrictions	-	-	-	-	550,000	-	-	550,000
Total net assets	6,836,699	-	-	6,836,699	4,388,030	37,933	-	4,425,963
Total liabilities and net assets	\$ 6,867,856	\$ 6,040,367	\$ -	\$ 12,908,223	\$ 4,478,409	\$ 5,809,017	\$ -	\$ 10,287,426

See notes to consolidating financial statements.

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY  
Consolidating Statements of Activities

Years Ended December 31, 2019 and 2018

	2019			2018					
	COAF US Restricted	COAF US Unrestricted	COAF Armenia	Eliminations	Consolidated	COAF US Unrestricted	COAF Armenia	Eliminations	Consolidated
Changes in net assets									
Support and revenue									
Contributions	\$ 1,033,415	\$ -	\$ 2,739,843	\$ (2,642,609)	\$ 1,130,649	\$ 1,046,671	\$ 2,095,373	\$ (2,714,555)	\$ 427,489
Fundraising benefits	4,709,346	-	-	-	4,709,346	3,298,700	-	-	3,848,700
Direct costs of fundraising	(152,051)	-	-	-	(152,051)	(142,645)	-	-	(142,645)
Net assets released from restrictions	550,000	(550,000)	-	-	-	-	-	-	-
Interest income	1,191	-	-	-	1,191	3,947	-	-	3,947
Gain (loss) on investments	141,370	-	-	-	141,370	(234,532)	-	-	(234,532)
Total support and revenue	6,283,271	(550,000)	2,739,843	(2,642,609)	5,830,505	3,972,141	2,095,373	(2,714,555)	3,902,959
Expenses									
Program services									
General	2,636,549	-	2,576,368	(2,642,609)	2,570,308	1,873,089	1,954,637	(2,714,555)	1,113,171
Capital projects	175,252	-	-	-	175,252	1,383,652	-	-	1,383,652
Total program services	2,811,801	-	2,576,368	(2,642,609)	2,745,560	3,256,741	1,954,637	(2,714,555)	2,496,823
Supporting services									
Management and general	110,449	-	201,408	-	311,857	181,984	140,735	-	322,719
Fundraising	362,352	-	-	-	362,352	435,031	-	-	435,031
Total supporting services	472,801	-	201,408	-	674,209	617,015	140,735	-	757,750
Total expenses	3,284,602	-	2,777,776	(2,642,609)	3,419,769	3,873,756	2,095,372	(2,714,555)	3,254,573
Increase (Decrease) in unrestricted net assets before foreign currency exchange loss	2,998,669	(550,000)	(37,933)	-	2,410,736	98,385	1	-	648,386
Foreign currency exchange loss	-	-	-	-	-	-	(1)	-	(1)
Increase (decrease) in net assets	2,998,669	(550,000)	(37,933)	-	2,410,736	98,385	-	-	648,385
Net assets - beginning of year	3,838,030	550,000	37,933	-	4,425,963	3,739,645	37,933	-	3,777,578
Net assets - end of year	\$ 6,836,699	\$ -	\$ -	\$ -	\$ 6,836,699	\$ 3,838,030	\$ 37,933	\$ -	\$ 4,425,963

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

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY  
Consolidating Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019			2018				
	COAF US	COAF Armenia	Eliminations	Consolidated	COAF US	COAF Armenia	Eliminations	Consolidated
Cash flows from operating activities	\$ 2,448,669	\$ -	\$ -	\$ 2,448,669	\$ 648,385	\$ -	\$ -	\$ 648,385
Increase (decrease) in net assets								
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities								
Depreciation and amortization	-	338,246	-	338,246	-	222,059	-	222,059
Unrealized loss (gain) on investments	(141,370)	-	-	(141,370)	234,532	348	-	234,880
Loss on disposal of property and equipment	-	31,395	-	31,395	-	-	-	-
Currency gain (loss)	-	(2,455)	-	(2,455)	-	2,758	-	2,758
(Increase) decrease in Unconditional promises to give	(812,621)	-	-	(812,621)	(489,635)	-	-	(489,635)
Other current assets	(3,537)	(9,388)	-	(12,925)	25,000	(21,246)	-	3,754
Increase (decrease) in Grants received and deferred income	-	110,676	-	110,676	-	900,348	-	900,348
Accounts payable	(59,222)	71,347	-	12,125	5,779	(183,425)	-	(177,646)
Net cash (used in) provided by operating activities	1,431,919	539,821	-	1,971,740	424,061	920,842	-	1,344,903
Cash flows from investing activities								
Securities received for contributions	(991,603)	-	-	(991,603)	(829,990)	-	-	(829,990)
Purchase of long-term investments	-	(75,047)	-	(75,047)	-	-	-	-
Sale of securities	-	-	-	-	703,013	-	-	703,013
Purchase of property and equipment	-	(483,179)	-	(483,179)	-	(1,074,026)	-	(1,074,026)
Net cash provided by (used in) investing activities	(991,603)	(558,226)	-	(1,549,829)	(126,977)	(1,074,026)	-	(1,201,003)
Net (decrease) increase in cash and cash equivalents	440,316	(18,405)	-	421,911	297,084	(153,184)	-	143,900
Cash and cash equivalents - beginning of year	1,121,216	112,380	-	1,233,596	824,132	265,564	-	1,089,696
Cash and cash equivalents - end of year	\$ 1,561,532	\$ 93,975	\$ -	\$ 1,655,507	\$ 1,121,216	\$ 112,380	\$ -	\$ 1,233,596

See notes to consolidating financial statements.

# Children of Armenia Fund, Inc. and Subsidiary

## Notes to Consolidating Financial Statements

December 31, 2019 and 2018

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

#### Nature of activities

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

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

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

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

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

#### Principles of consolidation

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

#### Cash and cash equivalents

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

See independent auditors' report.



Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements – Continued

December 31, 2019 and 2018

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

Investments

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

Unconditional promises to give and contributions

Contributions are recognized when a donor makes an unconditional promise to give to the Fund. Donor restricted contributions, if any, are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Fund uses the allowance method to reserve for uncollectible promises to give. Based on historical experience and analysis of specific promises made, management has determined that a reserve is not needed at December 31, 2019 and 2018. The company had no bad debt expense during 2019 and 2018 and has determined that all pledges receivable were collectible as of those dates.

Property and equipment

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

Buildings and improvements	20 years
Automobiles	10 years
Office equipment	3 - 5 years

Intangible assets

Intangible assets are recorded at cost and amortized using the straight-line method over the estimated useful life of the related asset of 5 years. Amortization expense included in the consolidating statements of activities for the years ended December 31, 2019 and 2018 was \$1,482 and \$43, respectively.

Contributed services

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

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary  
Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

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

Revenue recognition

The Fund has three main sources of revenue. Contributions and pledges related to fundraising events are recorded as unconditional promises to give at the time they are made. General contributions and public support are recorded as they are received. Contributions may be recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor restrictions. In addition, revenue related to attendance at fundraising events is recorded as received.

Tax status

COAF is exempt from federal income taxes as an organization qualifying under Section 501(c) (3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. In accordance with ASC 740, "Income Taxes", the Fund has evaluated all uncertain tax positions and deems that more likely than not all positions would be sustained should an examination occur by a taxing authority. The years 2015 through 2019 remain open to examination by the Internal Revenue Service.

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

Estimates

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

Reclassifications

The 2018 consolidating financial statements have been reclassified to conform to the 2019 presentation. Management believes that the current reporting system is more representative of actual operations and any differences with prior years' presentations is not significant.

Note 2 - Restriction on net assets

Net assets may be restricted for future periods and programs. During 2018 the Organization received donor pledges earmarked for a future dormitory and playground site in Armenia. These donations are treated as restricted net assets in 2018. The amount of the Donations were for \$550,000. The Organization treated these donations as current because both projects commenced during 2019. The projects were complete in 2019 and, accordingly, the restrictions were removed.

Note 3 - Concentrations

The Fund maintains its cash balances and investments in financial institutions located in the United States and Armenia. The cash and investment balances maintained in the United States, at times, may exceed federally insured limits. The Fund has not experienced any losses on these balances. The Majority of fundraising is derived from the annual gala. The annual gala accounted for approximately 86% and 83% of the organization's revenue in 2019 and 2018, respectively.

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

Note 4 - Unconditional promises to give

Unconditional promises to give are contributions that are receivable in less than one year and may include unrestricted and restricted promises to give designated for future programs. There were restricted promises to give for future projects in 2018 (see note 2). Approximately 80% and 77% of all promises to give were less than 30 days outstanding as of December 31, 2019 and 2018, respectively, and management believes that all promises to give are collectible.

Note 5 - Investments

At December 31, 2019 and 2018, long-term investments consist of shares of common stock of Agenus, Inc., a publicly traded company and shares of a privately owned limited liability company. The value of Agenus, Inc. common stock was reported at fair market value as determined by the publicly traded price. The value of the limited liability company was reported based on management's estimate of its liquidity value based on the value of the underlying assets consisting of cash, Agenus, Inc. common stock and notes receivable.

A summary of changes in fair value of the Fund's investments for the years ended December 31, 2019 and 2018 follows:

	<u>Long-term Investments</u>
Balance - December 31, 2017	\$ 230,029
Purchase and contribution of investments	829,990
Sale and transfer of investments	(703,013)
Unrealized loss	<u>(234,533)</u>
Balance - December 31, 2018	122,473
Purchase and contribution of investments	1,066,650
Sale and transfer of investments	-
Unrealized gain	<u>141,370</u>
Balance - December 31, 2019	<u>\$ 1,330,493</u>

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

Note 6 - Property and equipment

At December 31, 2019 and 2018, property and equipment consist of the following:

	2019	2018
Land, building and improvements	\$ 5,739,162	\$ 5,424,647
Automobiles	127,665	168,457
Computers and office equipment	556,383	423,768
	<u>6,423,210</u>	<u>6,016,872</u>
Accumulated depreciation	(704,155)	(393,319)
	<u>\$ 5,719,056</u>	<u>\$ 5,623,553</u>

Depreciation expense included in the consolidating statements of activities for the years ended December 31, 2019 and 2018 was \$336,764 and \$222,016, respectively.

Note 7 - Fair value measurements

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

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

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

Investments in marketable equity securities at December 31, 2019 and 2018 are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values which approximate cost.

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

Note 7 - Fair value measurements - continued

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

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

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2019 and 2018 are as follows:

<u>Description</u>	<u>Type</u>	<u>2019</u>	<u>2018</u>
Long-term investments			
Marketable securities	Level 1	\$ 1,230,491	\$ 97,518
Certificate of deposit	Level 1	75,047	-
Minority LLC interest	Level 3	24,955	24,955
Total long-term investments		<u>\$ 1,330,493</u>	<u>\$ 122,473</u>
Gifts in kind	Level 3	<u>\$ -</u>	<u>\$ -</u>

The organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2019 and 2018.

Long-term investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 8 - Functional allocation of expenses

The cost of providing the various program and supporting services for COAF has been summarized on a functional basis in the consolidating statements of activities. Accordingly, certain costs have been allocated among the program and its supporting services.

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

Note 9 – Information about liquidity

The Organization has an operating capital that had a balance of \$2.99 million and \$1.35 million at December 31, 2019 and 2018, respectively. The governing board has not set a designated reserve as of the balance sheet date to draw upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The Organization plans to set a target for this reserve during the 2019 fiscal year to be determined based on management's judgement about the appropriate amount of funds to have set aside in addition to working capital. The current operating capital funds are held in lower-risk cash and fixed-income securities while investments are comprised of one common stock security. The operating reserve balance is included in the cash and cash equivalents and investments lines on the statement of financial position (2019 - \$1.73 million in cash and cash equivalents and \$1.26 million in investments; 2018 - \$1.23 million in cash and cash equivalents and \$0.12 million in investments.)

Note 10 – Availability of financial assets

The following reflects the Organization's financial assets as of the statement of financial position date reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for (long-term investing in the operating and capital reserves that could be drawn upon if the governing board approves that action.

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,655,507	\$ 1,233,596
Investments	1,330,493	122,473
Receivables	3,493,080	2,730,459
Total financial assets	<u>6,479,080</u>	<u>4,086,528</u>
Receivables scheduled to be collected in more than one year	-	-
Contractual or donor-imposed restrictions:		
Other donor restrictions	-	550,000
Board designations:		
Capital reserves	-	-
Operating reserves	-	-
Total restrictions	<u>-</u>	<u>550,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,479,080</u>	<u>\$ 3,536,528</u>

See independent auditors' report.

Children of Armenia Fund, Inc. and Subsidiary

Notes to Consolidating Financial Statements - Continued

December 31, 2019 and 2018

Note 11 - Risks and uncertainties

Market risk

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

Currency risk

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

Note 12 - Subsequent events

The Organization has evaluated subsequent events through September 22, 2020, the date that the consolidating financial statements were available to be issued.

See independent auditors' report.

SUPPLEMENTARY INFORMATION





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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidating financial statements of Children of Armenia Fund, Inc. and Subsidiary as of and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated September 22, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Functional Expenses - Children of Armenia Fund, Inc. is presented for purposes of additional analysis and is not required as part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidating financial statements taken as a whole.

A handwritten signature in blue ink that reads "RJSacco &amp; Company LLP".

Princeton, NJ  
September 22, 2020

CHILDREN OF ARMENIA FUND, INC. AND SUBSIDIARY  
Schedule of Functional Expenses - Children of Armenia Fund, Inc.

Years Ended December 31, 2019 and 2018

	2019				2018				
	Program Services	Supporting Services			Program Services	Supporting Services			
		Management and General	Fundraising	Total Supporting		Management and General	Fundraising	Total Supporting	
								Total Expenses	
Grants	\$ 2,430,409	\$ -	\$ -	\$ -	\$ 1,633,047	\$ -	\$ -	\$ -	\$ 1,633,047
Direct programs	175,252	-	-	-	1,383,652	-	-	-	1,383,652
Bank and credit card fees	-	13,102	5,797	18,899	-	24,810	703	25,513	25,513
Consultants	100,206	-	100,206	100,206	21,000	2,671	66,248	68,919	89,919
Event costs	-	-	140,937	140,937	-	-	229,392	229,392	229,392
Software development	-	-	-	-	24,000	-	-	-	24,000
Media and other program expenses	39,783	262	53,241	53,503	42,531	8,085	33,665	41,750	84,281
Office & other administrative expenses	-	4,424	4,093	8,517	7,500	9,055	2,039	11,094	18,594
Staffing	41,472	41,312	41,312	82,624	88,633	91,350	91,404	182,754	271,387
Postage	3,527	3,527	-	3,527	4,000	3,700	38	3,738	7,738
Professional fees	-	31,056	-	31,056	75	28,735	-	28,735	28,810
Travel	21,152	16,766	16,766	33,532	52,303	13,578	11,542	25,120	77,423
<b>Total expenses</b>	<b>\$ 2,811,801</b>	<b>\$ 110,449</b>	<b>\$ 362,352</b>	<b>\$ 472,801</b>	<b>\$ 3,256,741</b>	<b>\$ 181,984</b>	<b>\$ 435,031</b>	<b>\$ 617,015</b>	<b>\$ 3,873,756</b>

See independent auditors' report on supplementary information.