ChildFund International, USA

Consolidated Financial Statements
Year Ended June 30, 2019

ChildFund International, USA

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Contents

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Independent Auditor's Report

The Board of Directors
ChildFund International, USA
Richmond, Virginia

We have audited the accompanying consolidated financial statements of **ChildFund International, USA**, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 evaluating the overall presentation of the consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **ChildFund International, USA** as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 31, 2019

Consolidated Financial Statements

ChildFund International, USA

Consolidated Statement of Financial Position

June 30,		2019
Assets		
Cash and cash equivalents	$	**14,902,914**
Receivable from affiliates		**1,408,088**
Grants receivable		**1,084,115**
Accounts receivable and other assets		**9,162,306**
Investments		**60,673,690**
Beneficial interests in trusts		**9,554,112**
Property, plant and equipment, net		**30,952,492**
Total assets	**$**	**127,737,717**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	**15,957,868**
Accrued pension benefit liability		**5,060,487**
Debt		**7,225,233**
Total liabilities		**28,243,588**
Commitments and contingencies		
Net assets:		
Without donor restrictions		**44,439,275**
With donor restrictions		**55,054,854**
Total net assets		**99,494,129**
Total liabilities and net assets	**$**	**127,737,717**

See accompanying notes to the consolidated financial statements.

ChildFund International, USA
Consolidated Statement of Activities

Year ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Sponsorships:			
U.S. sponsors	$ -	$ 79,434,905	$ 79,434,905
International sponsors	-	42,719,495	42,719,495
Special gifts from sponsors for children	-	9,742,119	9,742,119
Total sponsorships	-	131,896,519	131,896,519
Contributions:			
General contributions	8,527,951	6,606,130	15,134,081
Major gifts and bequests	4,151,205	582,926	4,734,131
Gifts in kind	22,567,410	14,945,224	37,512,634
Total contributions	35,246,566	22,134,280	57,380,846
Grants:			
Grants and contracts	23,310,182	-	23,310,182
Total public support	58,556,748	154,030,799	212,587,547
Revenue:			
Investment income and currency transactions, net	2,278,609	163,326	2,441,935
Service fees and other	1,981,488	-	1,981,488
Total revenue	4,260,097	163,326	4,423,423
Net assets released from restrictions:			
Satisfaction of program and time restrictions	152,487,316	(152,487,316)	-
Total public support and revenue	215,304,161	1,706,809	217,010,970
Expenses:			
Program services:			
Basic education	64,356,642	-	64,356,642
Health and sanitation	34,654,442	-	34,654,442
Nutrition	7,278,557	-	7,278,557
Early childhood development	21,354,311	-	21,354,311
Micro-enterprise	24,512,957	-	24,512,957
Emergencies	15,175,113	-	15,175,113
Total program services	167,332,022	-	167,332,022
Supporting services:			
Fundraising	27,634,046	-	27,634,046
Management and general	20,158,371	-	20,158,371
Total supporting services	47,792,417	-	47,792,417
Total expenses for operations	215,124,439	-	215,124,439
Change in net assets from operations	179,722	1,706,809	1,886,531
Nonoperating (losses) gains:			
Investment return, net	1,333,026	284,489	1,617,515
Change in fair value of trusts	-	(115,091)	(115,091)
Change in accrued pension benefit liability other than net periodic costs	(2,429,466)	-	(2,429,466)
Total nonoperating (losses) gains	(1,096,440)	169,398	(927,042)
Change in net assets	(916,718)	1,876,207	959,489
Net assets, at beginning of year	45,355,993	53,178,647	98,534,640
Net assets, at end of year	$ 44,439,275	$ 55,054,854	$ 99,494,129

See accompanying notes to the consolidated financial statements.

ChildFund International, USA

Consolidated Statement of Cash Flows

Year ended June 30,		2019
Cash flows from operating activities:		
Change in net assets	$	959,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		3,704,091
Realized and unrealized gains on investments, net		(1,617,515)
Gift of beneficial interest in trust		(207,191)
Change in gifts in kind not distributed		(1,964,644)
Change in fair value of trusts, net		115,091
Gain on sale of property, plant and equipment		(83,062)
Contributions restricted for long-term investment		582,926
Change in accrued pension benefit liability other than net periodic costs		2,429,466
(Increase) decrease in assets:		
Receivable from affiliates		170,359
Grants receivable		626,955
Accounts receivable and other assets		(1,004,351)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(399,181)
Accrued pension benefit liability		(1,191,942)
Net cash provided by operating activities		2,120,491
Cash flows from investing activities:		
Purchases of property, plant and equipment		(3,003,610)
Proceeds from sales of property, plant and equipment		83,062
Proceeds from sales of investments		13,047,832
Purchases of investments		(12,492,457)
Net cash used in investing activities		(2,365,173)
Cash flows from financing activities:		
Payment of debt		(1,625,000)
Proceeds from borrowings of line of credit		45,606,555
Payment of line of credit		(45,152,155)
Contributions restricted for long-term investment		(582,926)
Net cash used in financing activities		(1,753,526)
Net decrease in cash and cash equivalents		(1,998,208)
Cash and cash equivalents, beginning of year		16,901,122
Cash and cash equivalents, end of year	$	14,902,914
Supplemental Disclosures of Cash Flow Information:		
Gifts in kind	$	37,512,634
Cash paid for Interest	$	291,536

See accompanying notes to the consolidated financial statements.

ChildFund International, USA

Consolidated Statement of Functional Expenses

	Program services							Supporting services			
Year ended June 30, 2019	**Basic education**	**Health and sanitation**	**Nutrition**	**Early childhood development**	**Micro-enterprise**	**Emergencies**	**Total program services**	**Fundraising**	**Management and general**	**Total supporting services**	**Total expenses**
Subsidies for children	$ 35,210,241	$ 10,708,672	$ 3,852,713	$ 11,081,975	$ 10,770,196	$ 5,437,018	$ 77,060,815	$ -	$ -	$ -	$ 77,060,815
Program grants	19,027,157	18,496,809	2,281,386	6,914,648	9,888,417	7,352,006	63,960,423	-	-	-	63,960,423
Supplies	86,444	46,548	9,777	28,683	32,926	20,383	224,761	64,554	288,893	353,447	578,208
Occupancy	383,640	206,581	43,388	127,296	146,126	90,461	997,492	198,743	178,943	377,686	1,375,178
Professional services	99,336	53,490	11,235	32,961	37,836	23,423	258,281	107,920	277,150	385,070	643,351
Contract services	430,122	231,610	48,646	142,720	163,830	101,421	1,118,349	13,549,362	4,100,777	17,650,139	18,768,488
Travel	447,796	241,127	50,645	148,584	170,562	105,589	1,164,303	428,487	286,567	715,054	1,879,357
Conferences and meetings	273,600	147,327	30,943	90,784	104,212	64,514	711,380	53,936	97,237	151,173	862,553
Automobile and truck	91,411	49,222	10,338	30,331	34,818	21,554	237,674	18,020	361	18,381	256,055
Advertising and public education	24,149	13,004	2,731	8,013	9,198	5,694	62,789	6,756,432	243,124	6,999,556	7,062,345
Equipment purchases and rentals	85,446	46,011	9,664	28,352	32,546	20,148	222,167	56,831	343,198	400,029	622,196
Telephone and cables	122,892	66,175	13,899	40,777	46,809	28,978	319,530	45,634	99,063	144,697	464,227
Postage and freight	40,509	21,813	4,581	13,441	15,430	9,552	105,326	827,491	586,351	1,413,842	1,519,168
Publication and printing costs	-	-	-	-	-	-	-	-	7,518	7,518	7,518
Staff training	34,579	18,620	3,911	11,474	13,171	8,154	89,909	9,793	24,506	34,299	124,208
Other expenses	115,471	62,178	13,059	38,315	43,982	27,228	300,233	369,692	2,347,572	2,717,264	3,017,497
Total expenses before personnel costs and other expenses	56,472,793	30,409,187	6,386,916	18,738,354	21,510,059	13,316,123	146,833,432	22,486,895	8,881,260	31,368,155	178,201,587
Personnel costs	6,770,637	3,645,818	765,740	2,246,579	2,578,884	1,596,497	17,604,155	5,041,000	10,282,070	15,323,070	32,927,225
Depreciation and interest	1,113,212	599,437	125,901	369,378	424,014	262,493	2,894,435	106,151	995,041	1,101,192	3,995,627
Total expenses from operations	$ 64,356,642	$ 34,654,442	$ 7,278,557	$ 21,354,311	$ 24,512,957	$ 15,175,113	$ 167,332,022	$ 27,634,046	$ 20,158,371	$ 47,792,417	$ 215,124,439

See accompanying notes to the consolidated financial statements.

1. Organization

ChildFund International, USA (ChildFund), formerly known as Christian Children's Fund, Inc. was established in 1938 and has developed into an international, nonsectarian, not-for-profit child development organization. ChildFund assists children and family members in 24 countries worldwide. There are approximately 480,000 enrolled children in ChildFund's programs. Of these children, approximately 365,000 are sponsored children who are supported through monthly contributions.

Most of the sponsorships - more than 220,000 - are supported by U.S. donors; the remainder are supported by in-country fundraising offices and international donors who sponsor children through autonomous organizations in Australia, Canada, Denmark, France, Germany, Ireland, Japan, Korea, New Zealand, Sweden, and Taiwan. ChildFund is a member of ChildFund Alliance, a global network of 11 child development organizations.

ChildFund is incorporated and headquartered in the Commonwealth of Virginia.

The following are descriptions of ChildFund's significant programs:

Basic Education: Childfund's educational programs work with educators, community groups, parents, and children alike towards the goal of having all children enter schools ready to learn and complete basic education through activities that include improving early childhood and school facilities, enhancing teaching methodologies, creating safer school environments, as well as, improving policies to enhance student access and safety.

Health and Sanitation: ChildFund's core programs address safe motherhood and newborn care, integrated early childhood development, integrated management of childhood illnesses, nutrition, water and sanitation, child, youth and adult focused sexual and reproductive health and education.

Nutrition: ChildFund promotes interventions that impact young children and mothers. These practical measures include nutrition education and promotion, micro-nutrient supplementation, parasite control measures, and situation specific household food security interventions.

Early Childhood Development: ChildFund is committed to effective programs that promote child development and secure infants and young children, early childhood development and protection services include parenting education and support groups home based outreach to support and promote child development, and preschool services in community managed centers.

Micro-Enterprise: Childfund's programs support youth livelihood development with a focus on skills training (including life skills), preparation for employment, guidance on business development, leadership development and civic engagement.

Emergencies: ChildFund believes that the well-being of all children leads to the well-being of the world; ChildFund empower children to thrive throughout all stages of life and become leaders of enduring change. ChildFund programs reach infants, children and youth, including their parents and families.

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by ChildFund in the preparation of these consolidated financial statements:

Basis of Accounting

The accompanying consolidated financial statements of ChildFund are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

Classification of Net Assets

Balances and transactions are presented according to the existence or absence of donor-imposed restrictions. This has been accomplished by recording transactions into the following classes of net assets:

Without donor restrictions - Net assets resulting from public support and revenue not subject to donor-imposed restrictions.

With donor restrictions - Net assets resulting from public support and revenue whose use by ChildFund is limited by donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of ChildFund pursuant to those donor-imposed restrictions.

Net assets with donor restrictions also includes contributions and other inflows of assets whose use by ChildFund is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of ChildFund.

Public support and revenue are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Sponsorship revenue is classified as net assets with donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless donors or state law restrict their use.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of the ChildFund international office, national offices, fundraising offices, and India Society (the Society). All significant transactions between the organizations, including all inter-organization balances, have been eliminated in consolidation. In compliance with local laws, certain of these national offices and fund raising offices are separate legal entities.

ChildFund established the Society in 1984. The Society is registered under the Societies Registration Act of 1860 and exists under the laws of India. ChildFund has majority voting power of the Society's governing body.

Use of Estimates

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

Investments and Beneficial Interests in Trusts and Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-65, *Fair Value Measurements and Disclosures,* established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that ChildFund has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the asset or liability fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

Investments in readily marketable equity securities and all debt securities are recorded at fair value, which are based on quoted market prices, where available. Due to variations in trading volumes and the lack of quoted market prices for some fixed maturities, the fair value of fixed maturities is normally derived through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market data. If there are no recent reported trades, the fair value of fixed maturities may be derived through the use of matrix pricing or model processes, where the future cash flow expectations are developed based upon performance and discounted at an estimated market rate.

For investments measured at net asset value (NAV), specifically, fund of funds and real estate funds, fair value is based on NAV reported by underlying investment managers and reviewed by ChildFund after considering various sources of information. These values are further evaluated by doing internal reviews on the current fair values of the securities within these investments. The NAV is utilized as a practical expedient for fair value. The estimates of fair values, because of the inherent uncertainty of valuation of these estimates, may differ from the values that would have been used had a ready market existed.

Except for investments where donors specifically provide otherwise, investments are maintained in a pooled account. Additions to investments are assigned units of participation in the pooled account based upon their fair value on the date they enter the pooled account and the most recently determined unit fair value for the existing units of participation. Withdrawals are based upon the most recently determined fair value of the respective units of participation that include both realized and unrealized net gains and losses. The market value of the units of participation is calculated monthly.

The fair value of beneficial interests in perpetual and charitable remainder trusts is estimated by applying ChildFund's share of the earnings of the trust times the fair value of the underlying assets in the trusts as of the reporting date.

Investments and beneficial interests in perpetual trusts are exposed to several risks, such as interest rate, currency, market and credit risks. Due to the level of risk associated with certain investments and beneficial interests in trusts, it is at least reasonably possible that changes in the values of investments and beneficial interests in trusts will occur in the near term and that such changes could materially affect the amounts reported in ChildFund's consolidated financial statements.

Investment transactions are recorded on a trade date basis. Dividends are recorded on the ex-dividend date and interest is recognized on the accrual basis. Realized gains and losses are determined by specific identification. Realized and unrealized gains and change in fair value of trusts are recorded in the nonoperating revenues section of the consolidated statement of activities. Fees paid to custodian and investment managers are recorded on the accrual basis and are netted against investment income and currency transactions on the consolidated statement of activities.

Financial Instruments and Credit Risk

Financial instruments, which potentially subject ChildFund to concentrations of credit risk, consist principally of cash and cash equivalents and investments. ChildFund invests its cash and investments with high-quality financial institutions and limits the amount of credit exposure to any one financial institution. ChildFund's cash balances include aggregate bank balances on deposit both inside the United States and with international banks outside the United States. These balances can exceed federally insured limits (FDIC) or in the case of international accounts, not be covered under the FDIC. ChildFund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. In some cases, ChildFund has opened segregated cash accounts to meet restrictions placed on those funds by the donor. In general, these are grant funded accounts.

Credit risk with respect to investments is generally limited, because, by ChildFund's policy the investments are kept within limits designed to prevent risks caused by concentration.

ChildFund has operations in many countries throughout the world, many of which have politically and economically volatile environments. As a result, ChildFund may have financial and operational risks associated with these operations which could negatively impact ChildFund.

Accounts Receivable and Other Assets

Accounts receivable and other assets consist of general receivables, pledges receivable, advances, prepaid expenses and undistributed gifts-in-kind.

Property, Plant and Equipment

Land is carried at cost or fair value at the date of donation in the case of gifts. Buildings, furniture, fixtures and equipment, and data processing are carried at cost or fair value at the date of donation in the case of gifts, less accumulated depreciation. Purchases of property, plant and equipment in excess of $5,000 are capitalized. Depreciation of buildings and equipment is recorded on a straight-line basis over the estimated useful lives of the assets (5 to 40 years for buildings and improvements, 3 to 10 years for furniture, fixtures, and equipment, and 3 to 10 years for data processing). Upon retirement and disposition, the cost and accumulated depreciation of buildings, furniture, fixtures, and equipment, and data processing are removed from the accounts with any gain or loss reflected in the consolidated statement of activities. Maintenance and repair costs are expensed as incurred.

Revenue Recognition

Contributions are recognized as revenues in the period received or when the donor makes a promise to give to ChildFund, if earlier, that is, in substance, unconditional.

Donated or contributed property, plant and equipment, investments, services and gifts-in-kind are recorded at fair value when received.

Revenue from grants and contracts whereby ChildFund agrees to perform specified services is deemed to be earned and reported as without donor restrictions revenue when reimbursable expenses are incurred. Sponsorship revenues are unconditional transfers of cash recognized during the period received. Since these contributions are made without any promise to give in future periods, there are no sponsorships receivable recorded in the consolidated statement of financial position.

Gifts-In-Kind

The material portion of gifts-in-kind consists of pharmaceuticals and public service announcements. The fair value of gifts-in-kind are recorded using an exit value approach.

ChildFund received $12,011,942 of gifts-in-kind pharmaceuticals during the year ended June 30, 2019. Included in accounts receivable and other assets is $3,720,988 of gifts-in-kind pharmaceuticals yet to be distributed at June 30, 2019.

ChildFund received $22,422,187 of in-kind media and broadcast time in the form of public service announcements during the year ended June 30, 2019. The public service announcements, which have been featured in major magazines, airports, high traffic malls and shopping centers, were designed to educate the public about the challenges faced in ChildFund's program communities. ChildFund uses a third party purchasing agency to secure its public service announcements from media outlets as well as to estimate their fair value under an exit value approach, using billing rates normally charged to other customers under similar circumstances.

Expenses

Expenses are recognized during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Fund-raising costs incurred in one year, which may result in contributions received in future years, are expensed as incurred. Additionally, advertising costs are expensed as incurred.

Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statement of activities. In the consolidated statement of functional expenses, costs that can be identified with a specific program or support services are charged directly according to their natural expenditure classifications. Management and general expenses include those that are not directly identifiable with any specific function, but which provide for the overall support and direction of ChildFund. The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of ChildFund. Indirect costs related to building maintenance and information technology are allocated to various functions based on square footage and usage, respectively. The consolidated statement of functional expenses present the natural classification detail of expenses by function.

Income Taxes

ChildFund is generally exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, ChildFund qualifies for the charitable contributions deduction and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. No income tax provision has been recorded as the changes in net assets, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

Management evaluated ChildFund's tax positions and concluded that ChildFund had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with U.S. GAAP. With few exceptions, ChildFund is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

Definition of Operations

Operating activities exclude realized and unrealized gains on investments, change in fair value of trusts, change in accrued pension benefit liability other than net periodic costs and other items, if any, which are unusual or nonrecurring in nature.

Foreign Currency Translation

The functional currency of ChildFund is the U.S. Dollar. The consolidated financial statements and transactions of ChildFund's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities, except for property, plant and equipment and gift-in-kind inventory, are remeasured at the consolidated statement of financial position date using the bid/spot rate of the previous month. For revenue and expense items, translation is performed using the bid/spot rate of exchange of the previous month.

New Accounting Pronouncement Adopted

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ChildFund has adopted ASU 2016-14 and has adjusted the presentation of these consolidated financial statements accordingly. There was no effect on the change in net assets reported at June 30, 2018.

New Accounting Pronouncements to be Adopted

In May 2014, the FASB issued ASU No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*. The update establishes a comprehensive revenue recognition standard for virtually all industries including those that previously followed industry-specific guidance. The update requires that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The original effective date for ASU 2014-09 would have required ChildFund to adopt the update in fiscal year 2019. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customer*s (Topic 606*) - Deferral of the Effective Date*, which deferred the effective date for one year. Accordingly, the guidance is now effective for ChildFund's fiscal year beginning July 1, 2019. Management continues to evaluate the potential impact of ASU 2014-09 on ChildFund's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 (ASU 2016-02), *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. ASU 2016-02 is effective for ChildFund's fiscal year beginning July 1, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ChildFund is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08 (ASU 2018-08), *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. ASU 2018-08 provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. ChildFund is currently evaluating the impact of ASU 2018-08 on its consolidated financial statements.

3. Cash and Cash Equivalents

ChildFund considers all short-term deposits with an original maturity of three months or less to be cash equivalents. Cash in excess of current operating and program requirements was invested throughout the year on a short-term basis in various money market instruments. Cash equivalents were $3,334,877 as of June 30, 2019.

4. Investments

Investments, at fair value, as of June 30, 2019, are summarized as follows:

		2019
Corporate and other obligations	$	58,987
Time deposits		16,438,961
Mutual funds		37,246,359
Real estate funds		427,155
Funds of funds		6,502,228
	$	60,673,690

Investment return is summarized for the year ended June 30, 2019, as follows:

		2019
Interest and dividends	$	1,998,418
Currency transaction gains, net		542,903
Investment expense		(99,386)
	$	2,441,935
Realized gains on investments, net	$	1,967,302
Unrealized losses on investments, net		(349,787)
	$	1,617,515

The following table presents ChildFund's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2019:

	Total	Level 1	Level 2	Level 3	At NAV
Investments:					
Corporate and other obligations	$ 58,987	$ -	$ 58,987	$ -	$ -
Mutual funds:					
Long term equity	28,378,247	28,378,247	-	-	-
Long term fixed	8,868,112	8,868,112	-	-	-
Time deposits (at cost)	16,438,961	-	-	-	-
Investments measured at NAV *	6,929,383	-	-	-	6,929,383
	$ 60,673,690	$ 37,246,359	$ 58,987	$ -	$ 6,929,383
Beneficial interests in trusts	9,554,112	-	-	9,554,112	-
	$ 70,227,802	$ 37,246,359	$ 58,987	$ 9,554,112	$ 6,929,383

**Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.*

Time deposits totaling $16,438,961 for the year ended June 30, 2019, are not included in the fair value hierarchy table above, because they are recorded at cost plus accrued interest, which approximates fair value.

The following table summarizes changes in Level 3 beneficial interests in trusts measured at fair value on a recurring basis:

Beginning balance, July 1, 2018	$ 9,462,012
Gifts of beneficial interest in trust	207,191
Change in fair value of beneficial interest in trusts	(115,091)
Ending balance, June 30, 2019	$ 9,554,112

There were no significant transfers of investments between levels in the fair value hierarchy during the year ended June 30, 2019. There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2019.

The following table summarizes information about the attributes of investments measured at NAV, as a practical expedient, by major class as of June 30, 2019:

		2019	Redemption frequency	Redemption notice period
Investments measured at NAV:				
Real estate	$	427,155	N/A	N/A
Absolute return, security selection, and hedging		4,849,457	Quarterly	100 days
Global equity		1,579,261	Monthly	30 days
Other		73,510	N/A	N/A
	$	6,929,383		

Real estate assets objectives are to acquire, hold for investment, and sell eligible interest-bearing debt obligations issued by project companies and acquire equity investments in certain project companies.

Absolute return, security selection and hedging fund invests in private investment funds with absolute return, security selection, and hedging strategies, with the objective of attempting to produce consistent capital appreciation with controlled volatility and reduced risk of major drawdowns. This investment offers "pass-through liquidity".

Global equity fund's objective is to achieve long-term capital growth by investing in emerging markets.

There were no material capital commitments to investment managers that have not been funded by ChildFund at June 30, 2019.

5. Split Interest Agreements

Charitable Gift Annuities

Total investments include amounts invested for ChildFund's charitable gift annuity program. These amounts are held in three segregated investment accounts. One for annuities issued to residents of California, one for annuities issued to residents of Florida, and another for annuities issued to residents of other states in which ChildFund is authorized to issue gift annuities. All segregated accounts are stated at fair value, as described in Note 2.

Under the charitable gift annuity agreements, the donors contribute assets to ChildFund. In return for the contribution, ChildFund pays an annuity to the donor, and/or another annuitant selected by the donor, for the remainder of the annuitant's life, subject in some instances to a deferred beginning date. The payout is a fixed amount based on a percentage of the original gift, as defined by the agreement. The fair value of the assets received under the annuity agreement is held in the applicable segregated investment account and invested in assets intended to comply with any investment restrictions imposed by California or the other states in which ChildFund is authorized to issue gift annuities. Contribution income is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective annuitants.

These segregated investments as of June 30, 2019 totaled $1,896,305 and are reported as investments on the consolidated statement of financial position. The liability associated with these charitable gift annuities is recorded at the present value of the gift based on the 2012 Individual Annuity Reserving Table and Internal Revenue Service interest rates as of the date of agreement which range from 1.2% to 6.2% as of June 30, 2019. The liability amounts are included in accounts payable and accrued expenses on the consolidated statement of financial position as of June 30, 2019 and total $1,221,097.

Perpetual Trusts

ChildFund is the beneficiary perpetual trusts created by donors, the assets of which are not in the possession of ChildFund. ChildFund has legally enforceable rights or claims to the income from the assets. The fair values of beneficial interest in perpetual trusts at June 30, 2019 was $8,673,397. A net decrease of $174,536 related to changes in fair values of these trusts for the year ended June 30, 2019 was reported in changes in net assets with donor restrictions on the accompanying consolidated statement of activities. There were no perpetual trusts given to ChildFund during the year ended June 30, 2019.

Charitable Remainder Trusts

ChildFund is the beneficiary of seven charitable remainder trusts, the assets of which are not in the possession of ChildFund. The fair values of beneficial interests in charitable remainder trusts at June 30, 2019 were $880,715. A net increase of $59,445 related to changes in fair values of these trusts for the year ended June 30, 2019 was reported in changes in net assets with donor restrictions on the accompanying consolidated statement of activities. There were no charitable remainder trusts terminated during the year ended June 30, 2019. New trusts received during the year ended June 30, 2019 totaled $207,191 and are included in general contributions line in the consolidated statement of activities.

6. Property, Plant and Equipment

Property, plant, and equipment at June 30, 2019 is summarized as follows:

		2019
Land	$	1,146,128
Buildings and improvements		17,014,153
Data processing		31,540,440
Furniture, fixtures and equipment		7,403,811
Construction in progress		2,972,985
	$	60,077,517
Accumulated depreciation	$	(29,125,025)
Total	$	30,952,492

Depreciation expense was $3,704,091 for the year ended June 30, 2019.

7. Benefit Plans

ChildFund has a noncontributory defined benefit pension plan (the Pension Plan) and a defined contribution plan (403(b) Plan). Effective June 30, 2006, ChildFund elected to freeze the Pension Plan.

Pension Plan

The following table presents the Pension Plan's funded status as of June 30, 2019 (the latest actuarial valuation date), and the amount of accrued pension cost for the year then ended:

		2019
Projected and accumulated benefit obligation	**$**	**27,877,885**
Benefit obligation		**(27,877,885)**
Fair value of plan assets		**22,817,398**
Funded status		**(5,060,487)**
Accrued pension benefit liability	**$**	**5,060,487**

Benefit obligation and net periodic pension cost were determined using the following weighted average assumptions:

	2019
Benefit obligation discount rate	**3.25%**
Net periodic pension cost discount rate	**4.00%**
Expected return on plan assets	**6.50%**
Rate of compensation increase	**N/A**

The Pension Plan utilizes a measurement date of June 30. The amount of benefit payments from the Pension Plan for the year ended June 30, 2019 was $1,786,518.

Expected future benefit payments of the Pension Plan as of June 30, 2019 are as follows:

Years ending June 30,		
2020	**$**	**1,867,918**
2021		**1,843,337**
2022		**1,819,274**
2023		**1,839,984**
2024		**1,808,372**
2025-2029		**8,535,745**

Employer contributions made by ChildFund to the Pension Plan was $1,419,486 during the year ended June 30, 2019. The estimated contribution for the year ending June 30, 2020 is $331,450. At June 30, 2019, the unrecognized net actuarial loss was $12,694,646. Amortization of the unrecognized net actuarial loss for the year ending June 30, 2020 will be $1,054,173. The change in accrued pension benefit liability other than net periodic costs was $2,429,466 during the year ended June 30, 2019.

		2019
Net periodic pension cost:		
Interest cost	$	**1,023,861**
Expected return on plan assets		**(1,461,169)**
Amortization of net actuarial loss		**787,995**
	$	**350,687**

Pension costs are determined using the service prorate projected unit credit actuarial cost method. The plan is funded on a current basis as deemed necessary by management and the Pension Plan's consulting actuaries. The Pension Plan is subject to the applicable provisions of the Employment Retirement Income Security Act of 1974, as amended.

The fair values of the Pension Plan assets at June 30, 2019 by asset category are as follows:

		2019
Investments:		
Separate accounts:*		
Cash and cash equivalents	$	**17,500**
Receivable for securities sold		**540,439**
Mutual funds – equity		**14,301,430**
Mutual funds - fixed income		**7,958,029**
Total	$	**22,817,398**

** The separate accounts are measured at fair value using NAV per share, as a practical expedient, and as such have not been categorized in a fair value hierarchy table.*

The Pension Plan's assets consist of a group annuity contract with the Metropolitan Life Insurance Company, which is backed by nine separate accounts. The separate accounts invest in mutual funds with a focus on equity and fixed income securities. The value of the contract is dependent on the values of the units of the separate accounts funding the contract. The fair value of the separate accounts is determined based on daily unit NAV, primarily using quoted market prices of the underlying securities (or similar securities). The underlying investments of the separate accounts are stated at fair value as determined by quoted market prices in an active market or when not available, quoted market prices in an inactive market. The remaining component of the contract includes an interest-bearing cash account used by the Pension Plan to flow through funds from the separate accounts to pay the guaranteed monthly benefit payments to retirees.

The expected role of the Pension Plan equity investments is to maximize the long-term real growth of assets, while the role of fixed income investments is to generate current income, provide for more stable returns and provide some protection against a prolonged decline in the fair value of equity investments.

The target allocation and the asset allocation for the Pension Plan at June 30, 2019 are as follows:

	Target allocation 2019	Percentage of plan assets 2019
Equity	60.0%	62.8%
Fixed	40.0	37.1
Other	-	0.1
Total	100.0%	100.0%

ChildFund's policy is to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations.

The expected long-term rate of return for the Pension Plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. Equity securities are expected to return 9.50% over the long-term, while fixed income is expected to return 3.25%.

403(b) Plan

All employees are eligible to participate in the 403(b) Plan. ChildFund contributed a non-voluntary amount equal to 6% of employees' base pay to the 403(b) Plan each payroll period for all employees. In addition, ChildFund also matches 50% of the first 6% of base pay that a participant contributes to the Plan. The actual rate is approved annually by the ChildFund Board of Directors (the Board). Total expense recognized for the year ended June 30, 2019 related to the 403(b) Plan was $1,119,291.

8. Debt

ChildFund has a $10,000,000 revolving line of credit with a maturity date of October 31, 2022. Interest expense is based on daily one month LIBOR + 1.10% basis points and is due and payable in consecutive monthly payments until fully paid. At June 30, 2019, there was $454,400 outstanding on the line of credit.

ChildFund has a $13,000,000 commercial note that matures on August 9, 2023. The interest rate on the note is 3.67% per annum. From September 1, 2013 through August 1, 2015, interest payments on outstanding principal, as applicable, were due monthly. From September 1, 2015 through August 1, 2023, principal payments, as applicable, are due monthly in the amount of $135,417 along with interest payments on outstanding principal, as applicable. The note contains certain financial covenants. ChildFund was in compliance with all debt covenants during the year ended June 30, 2019. As of June 30, 2019, the outstanding loan balance was $6,770,833.

Interest expense on the above debt was $291,536 for the year ended June 30, 2019.

The future principal payments on the commercial note at June 30, 2019, are due as follows:

Years ending June 30,		
2020	$	1,625,000
2021		1,625,000
2022		1,625,000
2023		1,625,000
2024		270,833
	$	6,770,833

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

		2019
Subject to expenditure for a specified purpose:		
Subsidies and gifts for children	$	22,005,774
Appeal funded programs		5,959,001
Gifts in kind - not yet distributed		5,067,539
Local programs and other		3,364,644
Subject to the passage of time:		
Assets held in charitable remainder trusts		880,715
Perpetual in nature:		
Beneficial interest in perpetual trusts		8,673,397
Gifts to perpetual endowments		9,103,784
Total Net Assets with Donor Restrictions	$	55,054,854

10. Releases from Net Assets with Donor Restrictions

During 2019, net assets were released from donor restrictions by ChildFund incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

		2019
Subject to expenditure for a specified purpose:		
Subsidies and gifts for children	$	138,168,563
Appeal funded programs		1,002,131
Gifts in kind – distributed		12,980,582
Local programs and other		336,040
Total net assets released from restrictions	$	152,487,316

11. International Sponsors

Support from international sponsors is generated by autonomous organizations and consolidated operations.

Autonomous Organizations

Supporting ChildFund are ChildFund Australia, BORNEfonden (Denmark), Un Enfant Par La Main (France), ChildFund Kinderhilfswerk (Germany), ChildFund Ireland, ChildFund Japan, ChildFund Korea, Barnfonden (Sweden), Taiwan Fund for Children and Families, ChildFund Educo and ChildFund New Zealand. These autonomous organizations are incorporated in their respective countries for the purpose of initiating and overseeing programs that are distinct and unique to their mission. Because ChildFund does not control these organizations, their related assets, liabilities, net assets, revenues and expenses are not reflected in the accompanying consolidated financial statements.

The sponsorships and special gifts for children received from these organizations are included in the consolidated statements of activities for the year ended June 30, 2019 and are summarized by country in the accompanying table. As of June 30, 2019, ChildFund has sponsorship receivables from these autonomous organizations totaling $1,408,088. These receivables are the result of the timing of collection of funds as compared to deposit by the international offices. ChildFund recognized service fee revenue from these autonomous organizations in the consolidated statement of activities for the year ended June 30, 2019 of $875,791. The service fee covers the administrative costs of processing payments and ensuring proper receipt of funding to the local partners and ChildFund National Offices that support the sponsored children of the autonomous organizations.

Consolidated Operations

ChildFund works with national fund raising offices in Brazil, Mexico, Thailand and other countries that provide sponsorship revenue. These offices are organizations or segments of organizations that are independently registered in conformity with the laws of their respective countries. ChildFund possesses the power to direct the management and policies of these offices through affiliation agreements and consolidates the financial position and activities of these organizations.

The sponsorships and special gifts for children received internationally from the autonomous organizations and consolidated operations are included in the consolidated statement of activities for the year ended June 30, 2019, and are summarized in the accompanying table.

	Sponsorships	Special gifts for children	General contributions	Total 2019
Autonomous organizations:				
Australia	$ 7,231,706	$ 401,833	$ 89,831	$ 7,723,370
Denmark	1,940,044	117,382	-	2,057,426
France	1,605,495	46,144	94,234	1,745,873
Germany	3,949,620	187,578	73,826	4,211,024
Ireland	445,178	82,625	12,369	540,172
Japan	100,328	-	-	100,328
Korea	4,645,635	46,129	132,757	4,824,521
New Zealand	3,147,414	310,682	6,764	3,464,860
Sweden	3,432,145	507,902	50,194	3,990,241
Taiwan	5,137,071	469,535	50,000	5,656,606
Total autonomous organizations	$ 31,634,636	$ 2,169,810	$ 509,975	$ 34,314,421
Consolidated operations:				
Brazil	$ 1,548,335	$ 236,288	$ 116,121	$ 1,900,744
Mexico	773,334	32,019	504,287	1,309,640
Thailand	8,738,983	66,525	2,278,634	11,084,142
Other	24,207	-	-	24,207
Total consolidated operations	$ 11,084,859	$ 334,832	$ 2,899,042	$ 14,318,733
Total international sponsors	$ 42,719,495	$ 2,504,642	$ 3,409,017	$ 48,633,154

12. Total Public Support

Public support is summarized for the year ended June 30, 2019, as follows:

	2019
United States	$ 146,725,706
Autonomous organizations, support from sponsors (note 11)	33,804,446
Autonomous organizations, other support	17,471,878
Consolidated operations, support from sponsors (note 11)	11,419,691
Consolidated operations, other support	3,165,826
	$ 212,587,547

13. Related Party Transactions

In April 2002, ChildFund Alliance was established for charitable purposes to promote the well-being of children and their families. The Board of Directors of ChildFund Alliance consists of a significant percentage of ChildFund Board and staff; however, ChildFund does not have an economic or controlling interest in ChildFund Alliance; accordingly, ChildFund Alliance is not consolidated in ChildFund's consolidated financial statements. ChildFund provided accounting services to ChildFund Alliance that totaled approximately $39,000 for the year ended June 30, 2019.

14. Contingencies

From time to time, ChildFund is involved in various legal proceedings during the normal course of operations. In management's opinion, ChildFund is not currently involved in any legal proceedings which individually or in the aggregate could have a material effect on the financial condition, results of operations and/or liquidity of ChildFund.

ChildFund receives a portion of its revenue from U.S. Government funded grants and cooperative agreements, all of which are subject to audit. The ultimate determination of amounts received under these grants is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. Management believes that disallowed costs, if any, will be immaterial to the consolidated financial statements.

15. Endowment Funds

FASB ASC 958-205-45, *Not-For-Profit Entities - Presentation of Financial Statements,* provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

ChildFund's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

ChildFund has interpreted the Commonwealth of Virginia's enacted version of the UPMIFA as allowing ChildFund to appropriate for expenditure or accumulate as much of an endowment fund as ChildFund determines is prudent for the uses, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Unless otherwise stated in the gift instrument, the assets in an endowment fund should be donor restricted assets until appropriated for expenditure by the Board.

In accordance with UPMIFA, ChildFund 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 ChildFund and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of ChildFund
- The investment policies of ChildFund

Endowment net assets consist of the following at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	$ -	$ 9,103,784	$ 9,103,784
Accumulated investment gains	-	2,529,119	2,529,119
Board-designated quasi-endowment funds	5,360,603	-	5,360,603
Total endowment net assets	$ 5,360,603	$ 11,632,903	$ 16,993,506

The following table presents the changes in ChildFund's donor-restricted endowment funds and funds designated by the Board to function as endowment for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2018	$ 5,003,191	$ 10,586,767	$ 15,589,958
Total investment return, net	483,837	463,210	947,047
Contributions	-	582,926	582,926
Appropriation of endowment assets for expenditure	(126,425)	-	(126,425)
Endowment net assets, June 30, 2019	$ 5,360,603	$ 11,632,903	$ 16,993,506

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires ChildFund to retain as a fund of perpetual duration. At June 30, 2019 there were no deficiencies of this nature.

Return Objectives and Risk Parameters

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. ChildFund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. ChildFund expects its endowment funds to provide an average annual real rate of return of approximately 5%.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ChildFund 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). ChildFund targets a diversified asset allocation that places emphasis on investments in equities, bonds and absolute return strategies to achieve its long-term return objectives within a prudent risk framework.

Spending Policy and How Investment Objectives Relate to Spending Policy

ChildFund has two spending policies for endowments. For endowments restricted for child sponsorships, the appropriation and expenditure typically occur within the same reporting period. The spending rate is determined by the most current monthly sponsorship rate paid by sponsors in the United States. In order to meet this spending rate, donors are asked to contribute a one-time endowment gift. Investment gains and yields are used to provide the child with food, education, basic healthcare and other assistance.

For nonsponsorship endowments, unless otherwise directed by the donor, the policy for appropriating for distribution is equal to 5% of the endowment funds' average fair value for the preceding three years. In establishing this policy, ChildFund considered the expected return on its endowments. Accordingly, ChildFund expects the current spending policies to allow its nonsponsorship endowments to maintain their purchasing power by growing at a rate equal to planned payouts. For those endowments that maintain donor restrictions, ChildFund considers the cumulative earnings and expected rate of return and then appropriates available funds for distribution in accordance with the donor restrictions.

16. Liquidity and Availability of Resources

The following reflects assets as of the consolidated statement of position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

June *30,*		2019
Cash	$	14,902,914
Receivable from affiliates		1,408,088
Grants receivable		1,084,115
Accounts receivable and other assets		9,162,306
Investments		60,673,690
Beneficial interests in trusts		9,554,112
		96,785,225
Less amount unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose and time restrictions		(55,054,854)
Investments related to charitable gift annuities		(1,221,097)
Board-designated quasi-endowment fund		(5,360,603)
Financial assets available to meet cash needs for general expenditures within one year	$	35,148,671

As part of ChildFund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. ChildFund maintains a liquidity position through leveraging cash, investments and line of credit.

17. Subsequent Events

ChildFund has evaluated subsequent events for potential recognition and/or disclosure in the June 30, 2019 consolidated financial statements through October 31, 2019, the date the consolidated financial statements were issued.