Larson Gross
ASSURANCE

Childcare Worldwide

Financial Statements with
Independent Auditor's Report

Years Ended December 31, 2025 and 2024

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Childcare Worldwide

Contents

Page

Independent Auditor's Report 1-2

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses ..... 5 - 6

Statements of Cash Flows 7

Notes to Financial Statements 8-12

Independent Auditor's Report

To the Board of Directors
of Childcare Worldwide
Lynden, Washington

Opinion
We have audited the accompanying financial statements of Childcare Worldwide (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Childcare Worldwide and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements
The financial statements of Childcare Worldwide as of and for the year ended December 31, 2024 were audited by other auditors whose report dated May 8, 2025 expressed an unmodified opinion on those statements.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Childcare Worldwide's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Childcare Worldwide's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Childcare Worldwide's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Larson Gross Assurance, PLLC

Bellingham, Washington
November 4, 2026

Childcare Worldwide

Statements of Financial Position

December 31, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 551,195	$ 699,159
Certificate of deposit	210,658	202,832
Prepaid and other assets	80,349	88,161
Total current assets	842,202	990,152
Right-of-use assets	2,222	6,103
Total assets	$ 844,424	$ 996,255
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 34,545	$ 38,208
Current portion of deferred compensation	37,269	37,300
Lease liabilities	3,313	6,966
Total current liabilities	75,127	82,474
Noncurrent liabilities		
Deferred compensation, net of current portion	64,034	75,476
Total liabilities	139,161	157,950
Net assets		
Without donor restrictions		
Board designated	200,000	200,536
Undesignated	78,358	309,377
Total without donor restrictions	278,358	509,913
With donor restrictions	426,905	328,392
Total net assets	705,263	838,305
Total liabilities and net assets	$ 844,424	$ 996,255

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

Childcare Worldwide

Statements of Activities

Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions	$ 2,592,137	$ 340,300	$ 2,932,437	$ 2,689,381	$ 254,212	$ 2,943,593
Other income	25,712	-	25,712	34,957	-	34,957
Release of restrictions	241,787	(241,787)	-	309,302	(309,302)	-
Total support and revenue	2,859,636	98,513	2,958,149	3,033,640	(55,090)	2,978,550
Expenses						
Program services	2,246,986	-	2,246,986	2,350,737	-	2,350,737
Management and general	445,358	-	445,358	402,688	-	402,688
Fundraising	398,847	-	398,847	530,360	-	530,360
Total expenses	3,091,191	-	3,091,191	3,283,785	-	3,283,785
Changes in net assets	(231,555)	98,513	(133,042)	(250,145)	(55,090)	(305,235)
Net assets – beginning of year	509,913	328,392	838,305	760,058	383,482	1,143,540
Net assets – end of year	$ 278,358	$ 426,905	$ 705,263	$ 509,913	$ 328,392	$ 838,305

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

Childcare Worldwide

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Total
Grants and support to foreign ministries	$ 1,740,729	$ -	$ -	$ 1,740,729
Salaries and wages, benefits, & payroll taxes	440,328	378,442	300,562	1,119,332
Marketing and donor relations	11,093	2,537	63,768	77,398
Miscellaneous	29,190	15,290	23,916	68,396
Office overhead	5,833	12,144	8,972	26,949
Occupancy	3,809	12,204	-	16,013
Professional services	-	24,000	-	24,000
Travel	16,004	741	1,629.00	18,374
Total expenses	$ 2,246,986	$ 445,358	$ 398,847	$ 3,091,191

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

Childcare Worldwide

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
Grants and support to foreign ministries	$ 1,839,490	$ -	$ -	$ 1,839,490
Salaries and wages, benefits, & payroll taxes	414,242	311,854	377,955	1,104,051
Marketing and donor relations	23,617	3,207	108,257	135,081
Miscellaneous	32,080	20,586	24,241	76,907
Office overhead	8,002	18,826	15,351	42,179
Occupancy	14,437	23,499	3,295	41,231
Professional services	-	23,500	-	23,500
Travel	18,869	1,216	1,261	21,346
Total expenses	$ 2,350,737	$ 402,688	$ 530,360	$ 3,283,785

Childcare Worldwide

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	$ (133,042)	$ (305,235)
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
Depreciation	-	1,286
Net change in deferred compensation liability	(11,473)	(76,929)
Noncash lease costs	228	2,624
Change in operating assets and liabilities		
Prepaid and other	7,812	5,947
Accounts payable and accrued liabilities	(3,663)	(19,554)
Net cash flows from operating activities	(140,138)	(391,861)
Cash flows from investing activities		
Reinvested interest income	(7,826)	-
Purchases of certificates of deposit	-	(202,832)
Purchases of investments	-	(1,473)
Net cash flows from investing activities	(7,826)	(204,305)
Net change in cash and cash equivalents	(147,964)	(596,166)
Cash and cash equivalents – beginning of year	699,159	1,295,325
Cash and cash equivalents – end of year	$ 551,195	$ 699,159

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

Note 1 – Summary of Significant Accounting Policies and Nature of Organization

Nature of activities – Childcare Worldwide (the Organization) is a nonprofit corporation formed in 1988 in California. The Organization is headquartered in Washington State and conducts ministry efforts internationally. The Organization provides support to affiliated organizations in foreign countries, including Uganda, Kenya, and Peru, as well as other unaffiliated partnering groups in India, Sri Lanka and Thailand. The activities in these countries are centered upon their core mission of sharing the Gospel of Jesus Christ with needy children through their Life Center model. Life Centers are weekly meetings hosted by local churches in which children receive Bible teaching, are provided a nutritious meal, and benefit from the personal care and attention of their Life Center teachers. In conjunction with meeting spiritual needs, we seek to meet the felt needs of the children in our care, and by extension their families and communities, through educational assistance, food, medical aid, shelter, clothing, water projects and other holistic support.

Basis of accounting – The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which involves the application of accrual accounting; consequently, support and revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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

> **Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control are classified as net assets without donor restrictions.
>
> **Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specific or unspecified purposes.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e. the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restrictions.

Cash and cash equivalents – Cash and cash equivalents consist of checking and money market accounts and for purposes of cash flows are defined as all highly liquid investments with an initial maturity of three months or less. The Organization maintains its cash in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Note 1 – Summary of Significant Accounting Policies – (Continued)

Certificates of deposit – Certificates of deposit are recorded at cost, plus accrued interest.

Leases – The Organization determines if an arrangement contains a lease at inception based on whether it has the right to control the asset during the contract period and other facts and circumstances. The Organization elected not to record right-of-use assets and lease liabilities for leases with an initial term of 12 months or less and recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

For leases with a term greater than 12 months, the Organization records a lease liability based on the present value of lease payments over the expected lease term. The Organization calculates the present value of lease payments using a risk-free discount rate determined using a period comparable with that of the lease term. The Organization records a corresponding right-of-use lease asset based on the lease liability, adjusted for any lease incentives received and any initial direct costs paid to the lessor prior to the lease commencement date.

After the initial recognition, the lease liability is measured as the present value of the unpaid lease payments using the discount rate determined when the lease was initially recognized. The right-of-use asset, unless previously impaired, is measured as the amount of lease liability adjusted for: (a) prepaid or accrued lease payments, (b) the remaining balance of any lease incentives received, (c) unamortized initial direct lease costs, and (d) any current impairment of the right-of-use asset.

Contributions – Contribution revenue consists of general contributions and grants, and is recognized in the period received or when an unconditional promise to give is made, whichever is earlier. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated goods and services – Donations of supplies, equipment, and other goods and services are recorded at estimated fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require special skills, and are provided by individuals possessing those skills and would typically need to be purchased if not donated. Many volunteers have donated significant amounts of time to the Organization's activities. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition.

Functional allocation of expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and the statements of functional expenses by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited and have been allocated on a reasonable basis that is consistently applied. The Organization allocates facilities-related expenses based on the square-footage of occupied offices and other allocated expenses based on actual logged or estimated usage per department. Salaries, wages, and related benefits and taxes are allocated based on the employee's attestation of their time by function.

Federal income tax – The Organization is a non-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

Note 1 – Summary of Significant Accounting Policies – (Continued)

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2026, the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of December 31, 2025 consist of the following:

	2025	2024
Cash and cash equivalents	$ 551,195	$ 699,159
Certificate of deposit	210,658	202,832
Other financial assets	29,261	32,352
Less amounts not available for general expenditure		
Board-designated	(200,000)	(200,536)
Donor-restricted	(426,905)	(328,392)
Total financial assets available for general expenditure within one year	$ 164,209	$ 405,415

The Organization's board of directors has set aside certain amounts as an emergency operating reserve . Such balance may not be drawn upon without the prior authorization of the board of directors. In addition, the Organization has certain donor-restricted net assets limited to use (see Note 4), which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been subtracted from the quantitative information above.

The goal of the Organization is to maintain $200,000 in cash reserves as emergency funds. Cash in excess of current operating needs may be maintained in investment, certificate of deposit, or money market accounts. The Organization had funds held in money market accounts totaling $277,960 and $461,156 as of December 31, 2025 and 2024, respectively. In response to declining financial assets, management has responded by reducing staffing and other related administrative budgets in the U.S. and at its field offices, and is working to grow major-donor support of its Life Center program.

Note 3 – Deferred Compensation

The Organization has an unfunded post-retirement plan for the Organization's founder and former President/CEO, (the Founder) who retired effective October 31, 2018. Monthly benefits of $3,248 are to be paid to the Founder for the duration of his life. The Organization accrues the projected future costs of providing post-retirement benefits during the year that employees render the services necessary to be eligible for such benefits. The discount rate used in determining the accrued deferred compensation was 4.58% and 4.42% at December 31, 2025 and 2024, respectively. Benefits totaling $38,976 were paid by the Organization during both the years ended December 31, 2025 and 2024.

Estimated future benefits to be paid, net of discount, are as follows for the years ending December 31:

2026	$ 37,269
2027	35,637
2028	28,397
	$ 101,303

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2025	2024
Spiritual development	$ 164,201	$ 154,270
Holistic care	110,156	134,728
Other	32,047	37,154
Education	120,501	2,240
	$ 426,905	$ 328,392

Note 5 – Related Parties

The Organization provides financial assistance to certain foreign charities that are affiliated with the Organization through common board members. These foreign affiliates exist to support the same mission as the Organization. The Organization provides significant financial and educational support to these affiliates. While the affiliates have an economic interest in the Organization, the Organization lacks the prerequisite level of control over the affiliates to require consolidation. Thus, the affiliates' financial statements are not consolidated within the Organization's financial statements at December 31, 2025 and 2024.

Note 5 – Related Parties – (Continued)

Grants and support provided to these foreign affiliates totaled the following during the years ended December 31:

	2025	2024
Childcare Worldwide Uganda	$ 860,098	$ 902,336
Childcare Worldwide Kenya	483,336	544,104
Obra Social Cristiana Childcare Worldwide Peru	255,296	237,035
	$ 1,598,730	$ 1,683,475

Note 6 – Leases

The Organization leases office equipment and office space in Lynden, Washington. The operating lease for office equipment expires in June 2026 and requires monthly payments of approximately $308, with a final payment of approximately $1,695.

The Organization also leased office space in Lynden, Washington, under an agreement that commenced May 1, 2024, for an initial 12-month term. During 2025, the Organization extended the lease for an additional 12 months, expiring April 30, 2026. The extended lease required monthly base rent payments of approximately $773 and was accounted for as a short-term lease. The office lease expired on April 30, 2026, and was not renewed. Subsequent to the lease expiration, the Organization transitioned to fully remote operations and no longer maintains a central office location.

Lease costs and other information were as follows for the years ended December 31:

Lease cost	2025	2024
Operating lease cost	$ 3,924	$ 25,054
Short-term lease cost	9,276	6,000
Total lease cost	$ 13,200	$ 31,054
Other Information		
Operating cash flows	$ 12,972	$ 3,695
Remaining lease term	0.5 years	1.5 years
Discount rate	0.99%	0.99%

Future minimum annual lease payments are as follows for the years ending December 31:

2026	$ 3,325
Less present value discount	(12)
	$ 3,313