Financial Statements of

CHILDREN BELIEVE

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Children Believe

Opinion

We have audited the financial statements of Children Believe (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 22, 2026

CHILDREN BELIEVE

Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 3,484	$ 3,158
Accounts receivable	542	857
Prepaid expenses and other	255	327
Investments (note 3)	7,162	9,570
	11,443	13,912
Capital assets (note 4)	314	437
Intangible assets (note 5)	3,685	2,498
	$ 15,442	$ 16,847
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,341	$ 2,229
Deferred contributions (note 6)	1,386	2,625
	4,727	4,854
Deferred contributions (note 6)	–	145
	4,727	4,999
Net assets:		
Unrestricted	6,716	8,913
Invested in capital and intangible assets	3,999	2,935
	10,715	11,848
Commitments (note 8)		
	$ 15,442	$ 16,847

See accompanying notes to financial statements.

On behalf of the Board:

Signed by:
Aklilu Mulat
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Director

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Mike Ruthard
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Director

CHILDREN BELIEVE

Statement of Operations
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Sponsorship support for children, families and communities	$ 11,346	$ 13,336
Grants (note 9)	6,641	7,631
Gifts in kind	4,032	5,067
Special project appeals	2,034	1,799
Special gifts for children	1,927	2,103
Legacy or bequests	1,480	837
General contributions	1,115	1,409
Investment and other income (note 10)	447	1,406
	29,022	33,588
Expenditures (notes 11 and 12):		
Program services	22,431	25,194
Emergency response and disaster risk management	321	470
	22,752	25,664
Supporting costs:		
Administration	3,770	3,876
Fundraising	3,633	4,614
	7,403	8,490
	30,155	34,154
Deficiency of revenue over expenditures	$ (1,133)	$ (566)

See accompanying notes to financial statements.

CHILDREN BELIEVE

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

			2026	2025
	Unrestricted	Invested in capital and intangible assets	Total	Total
Net assets, beginning of year	$ 8,913	$ 2,935	$ 11,848	$ 12,414
Deficiency of revenue over expenditures	(612)	(521)	(1,133)	(566)
Purchase of capital and intangible assets, net of disposals	(1,585)	1,585	–	–
Net assets, end of year	$ 6,716	$ 3,999	$ 10,715	$ 11,848

See accompanying notes to financial statements.

CHILDREN BELIEVE

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	$ (1,133)	$ (566)
Items not involving cash:		
Amortization of capital and intangible assets	521	313
Unrealized gains on investments	(461)	(799)
Change in non-cash operating working capital:		
Accounts receivable	315	677
Prepaid expenses and other	72	(33)
Accounts payable and accrued liabilities	1,112	(481)
Deferred contributions	(1,384)	(1,691)
	(958)	(2,580)
Investing activities:		
Change in investments, net	2,869	1,992
Purchase of capital and intangible assets	(1,585)	(1,736)
	1,284	256
Increase (decrease) in cash	326	(2,324)
Cash, beginning of year	3,158	5,482
Cash, end of year	$ 3,484	$ 3,158

See accompanying notes to financial statements.

1. Purpose of organization:

Children Believe (the "Organization") is an international development, relief, and policy engagement organization incorporated under the laws of the province of Ontario as a not-for-profit organization. The Organization is registered with the Canada Revenue Agency as a charitable organization and, accordingly, is exempt from income taxes, provided requirements under the Income Tax Act (Canada) for charitable organizations are met.

The Organization is a member of ChildFund Alliance, which is a global network of 10 child-focused development and humanitarian organizations, helping nearly 36 million children and their families in 66 countries.

The Organization creates a future of hope for children, families, and communities by helping them develop the skills and resources to overcome poverty and injustice. The Organization supports children and communities around the world to overcome barriers to education such as, access to healthcare, sanitation, water, nutrition, child protection mechanisms, and gender equality. The Organization recognizes that in economically thriving families and communities, children grow up healthy and have access to education. So, the Organization works through local partners to facilitate holistic development of children and communities. The Organization also works in fragile contexts where child protection becomes priority to enable access to education. The Organization mutually shares technical capacity with local partners. The Organization promotes child friendly accountability to help them know their rights and claim them, so they can become active, engaged citizens to effect change. The Organization works with girls and boys to ensure they enjoy equal opportunities.

For over 60 years, the Organization has followed the example of Christ by serving the most vulnerable people in the communities in which the Organization works, especially children. The Organization serves all people regardless of age, religion, culture, ethnicity or gender without prejudice.

The Organization gathers support from individuals, organizations and governments, both in Canada and internationally.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, Part III of the Chartered Professionals Accountants of Canada Handbook, and includes the financial information for all country offices in which the Organization operates.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for all contributions. Revenue which contains restrictions as to its use is deferred until the restrictions are fulfilled. All other revenue is recognized upon receipt.

Gifts-in-kind are valued at their estimated fair market value. The recognition of donated goods is limited to donations where the Organization takes possession, the items are used in operations and would have otherwise been purchased.

Investment income is recorded on an accrual basis and includes interest income, dividends, foreign exchange gain (loss), realized gains (losses) on sale of investments and changes in unrealized gains (losses) on investments.

(b) Allocation of expenditures:

The Organization allocates certain fundraising and administration expenditures that benefits individual program services on the following bases:

(i) Fundraising:

Expenditures relating to the semi-annual publication, ChildVoice, are allocated to program services based on the total costs times the percentage of content relating to each of the individual program service categories.

(ii) Administration:

Personnel costs are allocated to program services based on the percentage of the relevant employees' time involved in supporting program services.

2. Significant accounting policies (continued):

Premises costs are allocated to program services based on the head count of program services over the total head count of the Organization.

Other shared costs including information technology, human resources management, insurance, and equipment rental are allocated to program services based on head count and other bases deemed to be appropriate.

(c) Capital and intangible assets:

Capital assets and betterments are recorded at cost, less accumulated amortization. Maintenance and repair costs that do not significantly extend or improve the useful lives of the respective assets are expensed when incurred.

Capital assets are amortized using the straight-line method over the following periods:

Canada office:	
Computer equipment	5 to 10 years
Office equipment and furniture	5 to 10 years
International field offices:	
Vehicles	3 to 5 years

Intangible assets are amortized using the straight-line method over the following periods:

Software development	3 to 10 years
Children Believe trademark	10 years

2. Significant accounting policies (continued):

The Organization reviews the carrying amounts of its capital assets and intangible assets regularly. Where the capital assets or intangible assets no longer have any long-term service potential to the Organization, the excess of the net carrying amount over any residual value is recognized as an expenditure in the statement of operations.

(d) Translation of foreign currencies:

Assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the exchange rates prevailing at the year-end date. Gains and losses arising from these translation policies are included in the statement of operations.

Revenue and expenditures have been translated using exchange rates prevailing on the transaction date.

(e) Net assets:

(i) Unrestricted:

The balance of unrestricted funds represents the accumulated excess of unrestricted contributions over related expenditures, less the amount invested in capital and intangible assets.

(ii) Invested in capital and intangible assets:

Net assets invested in capital and intangible assets represent the amount of previously unrestricted net assets allocated to investments in capital and intangible assets.

(f) Financial instruments:

The Organization initially measures all of its financial assets and financial liabilities at fair value and subsequently at amortized cost, except for investments that are subsequently recorded at fair value. Change in fair value of investments consists of net realized and unrealized gains and losses and is recognized in the statement of operations. Financial assets are tested for impairment at the end of each reporting year when there are indicators that the assets may be impaired.

(In thousands of dollars)

2. Significant accounting policies (continued):

Investments consist of a portfolio of money market, bonds and equity investments managed by the Organization. The fair value of securities traded in an active market is the closing price.

Transaction costs are recorded on a settlement date basis and are expensed as incurred.

(g) Leases:

Leases are classified as either capital or operating. Those leases that transfer substantially all the benefits and risks of ownership of property to the Organization are accounted for as capital leases. Assets under capital lease are amortized over the useful lives of the assets. All other leases are accounted for as operating, with rental payments expensed on a straight-line basis over the term of the lease.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the related disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

3. Investments:

The fair value of investments as at March 31 are as follows:

	2026	2025
Bonds	$ 3,629	$ 5,251
Canadian equities	2,123	2,595
Foreign equities	1,075	1,509
Money market	335	215
	$ 7,162	$ 9,570

(In thousands of dollars)

4. Capital assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Computer equipment	$ 751	$ 569	$ 182	$ 277
Office equipment and furniture	237	105	132	152
Vehicles	685	685	–	8
	$ 1,673	$ 1,359	$ 314	$ 437

5. Intangible assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Software development	$ 6,048	$ 2,430	$ 3,618	$ 2,417
Children Believe trademark	133	66	67	81
	$ 6,181	$ 2,496	$ 3,685	$ 2,498

6. Deferred contributions:

Deferred contributions include unspent sponsorship funds and restricted contributions, including special gifts for children, specific project appeals, designated bequests and grants, as set out below:

	2026	2025
Balance, beginning of year	$ 2,770	$ 4,461
Amounts received	6,278	12,626
Amounts recognized as revenue	(7,662)	(14,317)
Balance, end of year	1,386	2,770
Less long-term portion	–	145
	$ 1,386	$ 2,625

(In thousands of dollars)

7. Bank credit facility:

The Organization has access to a VISA business card credit facility of $250 for working capital and general corporate purposes. The facility is secured by a general security agreement, of a first ranking general security agreement over all present and after acquired present and future personal property, with appropriate insurance coverage, loss if any payable to the financial institution.

8. Commitments:

The minimum annual rental payments for premises and equipment under operating leases are as follows:

2027	$ 280
2028	218
2029	35
	$ 533

9. Grants:

	2026	2025
Contributions from Global Affairs Canada	$ 2,462	$ 3,576
Other grants	4,179	4,055
	$ 6,641	$ 7,631

(In thousands of dollars)

10. Investment and other income:

Investment and other income is comprised of the following:

	2026	2025
Change in unrealized gains on investments	$ 461	$ 799
Interest income	129	275
Other	(31)	334
Foreign exchange loss	(112)	(2)
	$ 447	$ 1,406

11. Alberta fundraising expenditures:

During the year, the Organization incurred $133 (2025 - $405) in direct expenditures for the purposes of soliciting contributions in the Province of Alberta.

12. Allocation of expenditures:

As described in note 2(b), certain expenditures are allocated from administration to program service.

Administration expenditures are stated after the allocation of the following amounts:

	2026	2025
Program expenditures:		
Program Services	$ 1,316	$ 1,108
Emergency response and disaster risk management	19	37
	$ 1,335	$ 1,145

13. Risk management:

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments held by the Organization. The Organization manages this risk by holding only sufficient cash to provide for ongoing operations, and investing the balance in fixed income accounts. There has been no change to the interest rate risk exposure from 2025.

(b) Market price risk:

Market price risk arises from fluctuations in the investment portfolio which may expose the Organization to risk of loss. The Organization mitigates this risk through regular review of the investment portfolio to monitor and limit investment concentration levels. There has been no change to the market price risk exposure from 2025.

(c) Foreign currency risk:

The Organization's cash flows involve Canadian funds received from Canadian donors that are sent to the Organization's countries of operation where foreign currencies are then used to complete program activities. Foreign currency risk arises as a result of changes in foreign exchange rates. The Organization's foreign exchange risk is considered to be low and there has been no change to the risk exposure from 2025.

(d) Liquidity risk:

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. It is management's opinion that the Organization's liquidity is considered low given its current cash position. There has been no change to the liquidity risk exposure from 2025.

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.